

Paper Money

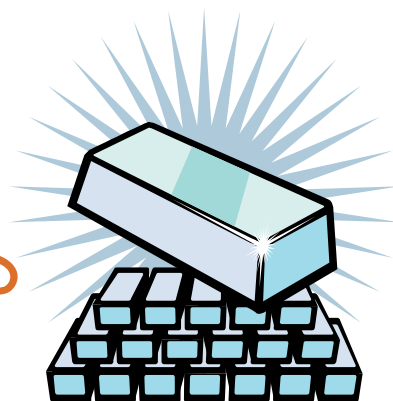
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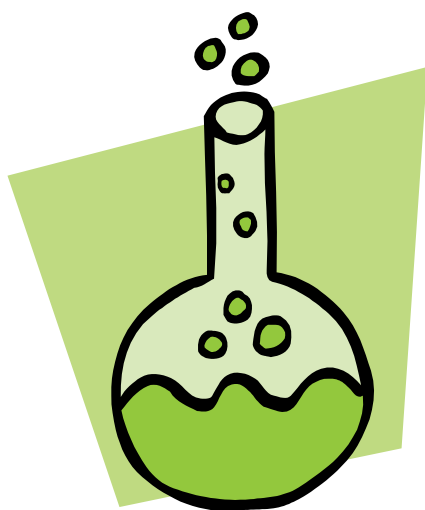
Inside

All that glitters is not **GOLD**
Some may be **Silver!**



What is **TITANIUM DIOXIDE** and
why would Chicago **PANIC?**

Lofthus, Huntoon, Yakes and Gatch have
the **INSIDE** word(s).



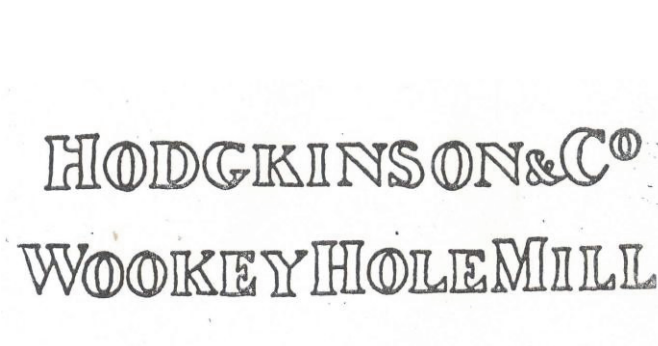
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Society of Paper Money Collectors

The Society of Paper Money Collectors was organized in 1961 and incorporated in 1964 as a non-profit organization under the laws of the District of Columbia. It is affiliated with the ANA. The Annual Meeting of the SPMC is held in June at the



International Paper Money Show in Memphis, TN. Information about the SPMC, including the by-laws and

activities can be found at our website, www.spmc.org. The SPMC does not endorse any dealer, company or auction house.

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Memberships for all members who joined the Society prior to January 2010 are on a calendar year basis with renewals due each December. Memberships for those who joined since January 2010 are on an annual basis beginning and ending the month joined. All renewals are due before the expiration date which can be found on the label of Paper Money. Renewals may

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EDITOR EMERITUS--Fred Reed, III

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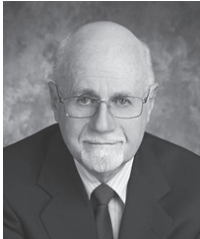
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ANA Honors SPMC Stalwarts

The SPMC extends its congratulations to the following members who were recognized at the recent ANA World's Fair of Money for contributions to the hobby.



Gene Hessler—Hessler, former editor for *Paper Money* and prolific writer and researcher was

honored with the ANA's 2014 Lifetime Achievement Award. Hessler is Honorary Life Member #10 of the SPMC. One of his lasting contributions to the Society was securing a grant from the Liana Foundation and sending a copy of his book "*The Engraver's Line*" to well over a hundred libraries. Hessler is a member of the inaugural class of the SPMC's Hall of Fame as well as being honored with the SPMC Nathan Gold Award in 1974 and 1990. He was also a ten time winner of the Julian Blanchard exhibit award for exhibits using proofs, specimens and essays as well as the SPMC Stephen R. Taylor Best in Show exhibit award in 1985. He published his memoirs titled "*Hey Mister Horn Blower*" detailing his work with Stan Kenton, Woody Herman and others during the "Big Band Era."



Neil Shafer—Shafer, a past SPMC governor was honored with the ANA's

Farran Zerbe Memorial Award, the association's highest award. Shafer, a long-time member of the SPMC holds Life Member #30. Shafer is the author of many different books on paper money, with many covering Philippine money. He was also instrumental in the development of the Standard Catalog of World Paper Money. Neil's interest in paper money was sparked by a confederate note he was given as a 12-year-old boy in Chicago. After career as a US Air Force officer he joined the Air Force Orchestra, based in Washington, DC. This allowed him a great deal of free time, to research the currency issued in the Philippines while it was under US administration. He published books on coins and currency from the Philippine Islands. He also is a long-term columnist and author for BNR.



Fred Schwan—Schwan is a publisher, author researcher, and long-time

contributor to *Paper Money*, primarily writing with Joe Boling the monthly column "*Uncoupled*" dealing with Military and Emergency Money. Fred received the ANA Medal of Merit in honor of his years of dedicated service to the promotion of the hobby. Schwan is life member #317 of the SPMC.

Mack Martin—Exhibitor, who won the SPMC's Stephen R. Taylor Best in Show exhibit award at Memphis this year followed it up by winning the ANA's Howland Wood Memorial Award for Best-in-Show for his exhibit on baby bonds.



Release and Survival of \$10 Series of 1933 Silver Certificates

by Lee Lofthus

Of the 552,000 Series of 1933 and 1933A \$10 silver certificates printed, only twenty percent reached circulation. A few more than 100 of those notes are known today. How these rare notes were released, and how some of them survived, is a remarkable story.



Production of the Series of 1933 and 1933A

552,000 Series of 1933 and 1933A notes were printed between January and April 1934. Treasury records indicate that 156,000 notes were officially issued with an additional 28,000 released from the reserve vault in the summer of 1934 to replace redemptions thus yielding a total of 184,000 notes issued. Most of them never reached circulation.

The bulk of the notes simply remained in the working money supply inside the Treasury's Cash Division in the Treasury Building in Washington, D.C. The high-water mark for notes in actual circulation was 87,812. By mid-August 1934, approximately 123,000 notes held by the Cash Division were returned for destruction, most never having been used or quickly returned to Treasury after just weeks in circulation.

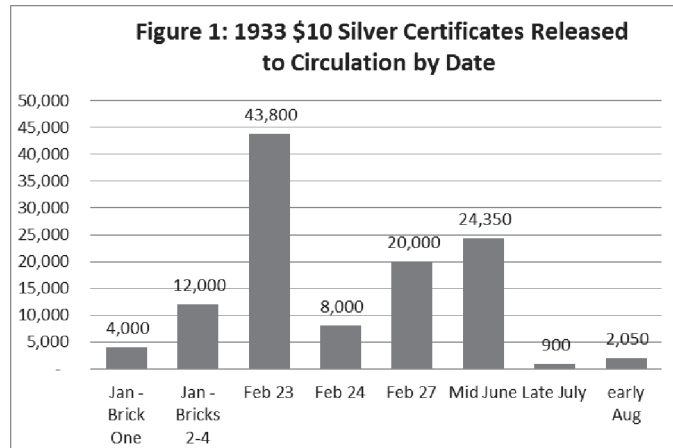
The releases of this rare series spanned a brief period of only 7 months between January and August, 1934. All passed through the teller windows of the Treasury Cash Room in Washington, D.C. Most went to Washington, D.C., banks, and some walk-in customers. 15,322 notes were in actual circulation after June 30, 1935, but by then Treasury was scavenging them out of circulation whenever they were received so that they could be replaced with the new Series of 1934 issues, which greatly simplified bookkeeping.

The legislative and policy origins and demise of the Series of 1933 are chronicled in Lofthus (2013). This article is going to focus on the timing and quantities of the various releases of the notes and the survival from each release.

Releases of the Series of 1933

There appear to have been eight releases of 1933 tens to circulation, not counting the first sheet of 12 notes sent to Treasury dignitaries on January 5, 1934. 16,000 notes left Treasury later in January in two batches. 71,800 were placed in circulation on three separate days in February. No substantial releases occurred again until roughly 24,000 notes went out in June. A final 2,950 notes were disbursed in two groups at the end of July and early August.

Small daily counter transactions at the Treasury Cash Room also occurred but are included in the larger totals. The releases are displayed graphically on **Figure 1**. Exact dates are used when known from Treasury correspondence. Otherwise, date ranges are lifted from bi-weekly or monthly Treasury circulation reports.



Surviving Notes

I have been able to document the existence of 117 surviving specimens, with most of these records coming from a comprehensive census compiled by Logan Talks. Interest is high in these notes, so several other collectors and dealers have added the information they have.

Prized note A00000001A is owned by Billy Baeder of USA Coins of Pennsylvania. The highest reported serial is A00137766A.

Only one 1933 star note has turned up. This spectacular find bears serial *00000002 and was the centerpiece of collector Bernard Schaaf's comprehensive small size star note collection that was sold by Stacks in 1993.

Fascinating trends fall out when the 117 serial numbers are arrayed by their release dates. **Table 1** shows the recorded notes from each of the releases.

Table 1. 1933 \$10 Silver Certificate Release Dates		
Release Date	Notes Released to Circulation	Notes in Census
Jan - Brick One	4,000	34*
Jan - Bricks 2-4	12,000	7
Feb 23	43,800	61
Feb 24	8,000	3
Feb 27	20,000	9
Mid June	24,350	0
Late July	900	0
early Aug	2,050	2
(omits star)	115,100	116
*includes 3 notes from first sheet		

Table 2. Number of Series of 1933 \$10 Silver Certificates outstanding by month

Month ending	No. of Notes
January 1934	16,012
February	87,812
March	59,032
April	47,142
May	41,132
June	61,902
July	34,652
August	32,522
-----	-----
November	26,522
-----	-----
June 1935	15,322

Source: Treasury Form 5702 & Annual Report for June 1935.

Table 2 reports the notes outstanding by month during 1934 and 1935.

Table 3. Series of 1933 \$10 Silver Certificate Serial Number Census

*00000002A	VF/EF	A00015175A	EF	A00028844A	EF
A00000001A	UNC	A00015340A	VF	A00029674A	VF
A00000002A	UNC	A00015997A	F	A00030361A	VF
A00000005A	UNC	A00019615A	VF	A00031123A	VF/EF
A00000013A	UNC	A00019669A	F	A00032668A	EF
A00000014A		A00019907A	VF	A00033333A	UNC
A00000025A	UNC	A00020329A	VG	A00033373A	VF
A00000026A	UNC	A00020661A	AU	A00034765A	UNC
A00000027A	UNC	A00021849A	EF/AU	A00034959A	EF
A00000028A	UNC	A00022316A		A00035541A	F/VF
A00000029A	UNC	A00022964A	VF	A00036499A	EF
A00000030A	UNC	A00023456A	UNC	A00037733A	AU
A00000033A		A00023488A	VF	A00038278A	EF/AU
A00000040A		A00023498A		A00043788A	F
A00000044A	UNC	A00023502A	UNC	A00043811A	VG/F
A00000055A		A00023504A	UNC	A00043997A	VG/F
A00000077A	UNC	A00023506A	UNC	A00044726A	VF
A00000088A	UNC	A00023508A	UNC	A00045353A	F
A00000099A	UNC	A00023509A	UNC	A00046897A	EF
A00000111A		A00023514A	AU	A00047034A	VF
A00000222A	UNC	A00023516A		A00050528A	VF+
A00000333A	UNC	A00023517A	UNC	A00054485A	VF
A00000444A	UNC	A00023520A	UNC	A00056292A	F
A00000555A	UNC	A00023522A	UNC	A00058072A	VF
A00000666A	UNC	A00023527A	UNC	A00059213A	UNC
A00000777A	UNC	A00023528A	UNC	A00060052A	EF
A00000888A	UNC	A00023529A	UNC	A00060368A	F
A00000999A	UNC	A00023530A	UNC	A00065550A	VF/EF
A00001000A	UNC	A00023531A	UNC	A00069882A	VF
A00001111A	UNC	A00023532A	UNC	A00070072A	VF
A00001299A	F	A00023535A	UNC	A00070242A	VF
A00001415A	F/VF	A00023588A	UNC	A00070584A	VF
A00002000A	UNC	A00023911A	UNC	A00072934A	VF
A00002222A	UNC	A00023954A	EF	A00073341A	VG
A00003000A		A00025115A	F	A00073514A	VF
A00009135A	VF	A00026355A	VF	A00075652A	EF
A00010624A	UNC	A00026757A	AU	A00080159A	VF/EF
A00012438A	VG	A00026812A	VF	A00137158A	VF
A00013958A	F	A00028234A	EF	A00137766A	F/VF

Note: All CU and better notes marked as UNC. Unknown grades are blank.
Census as of December 2013.

The complete census as of December 2013 from Logan Talks and other numismatists is included here as **Table 3**. Grades are shown where known. Revealing insights can be gleaned from the census serial numbers in **Table 3**.

About half the surviving notes are uncirculated. They come from the first sheet plus two separate groups of serials, meaning we're the fortunate beneficiaries of the Treasury VIP sheet plus one or two tellers keeping some nice new notes on hand for special customers and requests.

The Special Delivery of the First Sheet: notes A00000001A through A00000012A were delivered to senior Treasury officials as an uncut sheet in a special early 12-note delivery to the Treasury Department on January 5, 1934, just two days after the Julian-Woodin plate was certified for use. This was the only uncut sheet of the 1933s to leave the Bureau of Engraving and Printing, and it was delivered more than a full week before the bulk deliveries to the Cash Room began.

The sheet was hand cut and distributed to Treasury dignitaries. Serials 1, 2 and 5 have been observed, with A00000005A currently residing in the National Numismatic Collection at the Smithsonian Institution. Of course, all of these are uncirculated. It is certain that others from the sheet survive, but it appears that most if not all of the others haven't reached the numismatic market because they haven't been recorded. Known notes from the first sheet are shown in **Table 1** as part of the January first brick total.

The Two January Bulk Releases: 4,000 notes were released to circulation between January 13th and January 27th, followed by another 12,000 before January 31st. These account for serials up through A00016000A assuming the notes were released in serial order. Survivorship differs dramatically between the first 4,000 notes and the next 12,000.

Twenty-nine percent of the recorded census, totaling 34 notes, comes from the first 4,000 notes. This count includes three notes from the first sheet.

29 of the other 31 notes from this group have low or fancy serial numbers, and those with known grades are all in uncirculated condition. Clearly someone on the inside picked out the attractive serials for special distribution, explaining the high survivorship from this first group.

Notes A00000025A to A00000030A were from this group. They were offered as Lot 5765 in the fabled Albert Grinnell collection offered by Barney Bluestone of Syracuse, N.Y. in November 1946. The cut half sheet of six notes was described as "Another great rarity. Attractive serial Nos. 25 to 30 Incl." The lot sold for \$350, an enormous sum at the time.

Only two non-fancy notes are reported from the first 4,000 notes, and both are well circulated, indicating that once the fancy numbers were picked out, the rest were simply released into circulation.

Seven notes are known from the final 12,000 notes delivered in January, all in worn condition. Obviously the notes from this group entered ordinary circulation.

We have no idea if the single known star note, serial *00000002A, was in this initial group. It is a circulated VF+, so it doesn't appear that it was in the first brick to be snagged along with the other fancy serial numbers. The insertion of star notes generally does not track the numerical sequence of the production notes.

February 23 Release: 43,800 notes – the largest release - with serials A00016001A to A00059800A. Currently 61 of these notes are in the census representing the greatest number recorded from any release, consistent with this being the largest. This is an interesting group. Of the notes with known grades, 36 notes are circulated, covering a random array of serial numbers released into the teeth of the Great Depression.

However, there is an intriguing batch of 16 uncirculated notes from the range A00023500A to A00023588. Significantly, there isn't a single well-circulated note known from this run! These are not random survivors from someone's wallet. It is clear that a teller, perhaps at Treasury or even one of the Washington banks that dealt directly with the Cash Room, kept a stock of notes for special requests. John Morris' cut half-sheet of six uncirculated notes sold by Dean Oakes in 1996 came from this run. It is likely we are going to see others from this group given time.

February 24 Release: 8,000 notes, serials A00059801A to A00067800A. Only three notes are reported, all circulated.

February 27 Release: 20,000 notes, serials A00067801A to A00087800A. Nine are reported, all circulated. With this release, the high-water mark of 87,812 Series of 1933 \$10 notes was now in actual circulation.

Mid-June: no bulk releases were made to circulation from March to early June. However, sometime in mid-June 20,000 to possibly 24,000 or so notes were released. The increase is plainly evident on the Form 5702 Treasury monthly circulation statements that show the circulation of Series of 1933 tens increasing from 41,132 at the end of May to 61,902 at the end of June. See **Table 2**. Treasury Cash Division reports show that 24,350 notes were moved from the Treasurer's reserve into the Cash Room about this same time. This batch presents a real puzzle. Their serials should be A00087801A to A00111800A if the notes went out in serial order; however, not a single note in this range is reported.

The Cash Division, if it needed to replace worn Series of 1933 notes, still had on hand roughly 68,000 unused Series of 1933 notes from the initial group of 156,000 notes that could have been released in normal sequence. They also had roughly 24,000 fit notes that had entered circulation and been received back at Treasury since February, and 24,350 in new notes fresh from the reserve. It is unknown if the June release was made up of new notes or was a return to circulation of fit notes originally released in January and February.

Late July/Early August Release: a meager 2,950 notes were released between July 1 and August 28. An internal Treasury report made at the time of the changeover between the Series of 1933 and Series of 1934 notes reveals specifically that 2,050 of the 2,950 were issued between August 7 and August 28. No precise date for the other 900 notes was provided, but they went out before the 2,050. Consequently, the 2,050 represented the final release. We can pinpoint this last release as occurring the first week of August because by August 14th the new Series of 1934 \$10 notes began entering circulation. Only two notes are reported from this last release, both circulated.

This last release contains a surprise. The two notes with the highest reported serials, A00137158A and A00137766A, came from this release. Both are circulated. These numbers are out of sequence with a gap of over 60,000 separating them from the 70,000 to 80,000 serial number range in the February 27, 1934 release. Clearly, after the February releases there was no attempt to release the remaining notes in serial order in the Treasury releases.

Conclusion

Series of 1933 \$10 silver certificates are the crown jewels of small size. The survivors are split 50/50 uncirculated and circulated, and both groups are to be cherished.

If you own one of the notes from the first sheet given to Treasury VIPs, you have not only a superb rarity but a fantastic piece of history.

If you are one of the fortunate few who own one of the coveted low or fancy numbered notes, you owe your good fortune to a now faceless and nameless worker in the Treasury Cash Room who took the trouble to sift through the notes as they went by in order to set aside your jewel and find it a home with someone. We all owe him a great debt.

I'd love to tell you more about who set aside the A00023500A to A00023588 group and how they were distributed. We are talking about a pack from which notes were distributed singly or in small groups to satisfy special requests. Perhaps John Morris, who got a cut half sheet from this group and who obtained them at the time or shortly thereafter, might have been able to tell us more, but no one seems to have asked him.

If you own a circulated note, you are really lucky. The notes were released only in the Washington, D.C., area over a short period. After they were released, the Treasurer's Redemption

Division took great pains to cull as many of them out of circulation as quickly as possible. The simple reason for this was that getting them out of circulation simplified bookkeeping. Those that escaped had to navigate the Great Depression when one of the last things on a particular holder's mind was saving some worn \$10 bill, no matter how different it may have looked.

Acknowledgments

Logan Talks generously provided his Series of 1933 \$10 census for this article. Peter Huntoon reviewed the manuscript. Martin Generke, Billy Baeder, and Carlson Chambliss provided census input. The illustration of the Series of 1933 \$10 silver certificate is courtesy of the Smithsonian Institution National Numismatic Collection.

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\$100,000 Gold Certificates

by Peter Huntoon

There isn't a currency collector alive who wouldn't put a \$100,000 Series of 1934 gold certificate at the center of his collection. The sheer audacity of that much money in one small piece of paper lofts the note to the pinnacle of desire and envy. Their startling orange backs render them objects of beauty.

Of course, they are unavailable because they were not issued into general circulation.



Figure 1. The granddaddy of all the Series of 1934 gold certificates were the \$100,000 with the late President Woodrow Wilson's portrait. 42,000 were printed during November and December 1934, numbered in January 1935, and delivered to the Treasury on January 9, 1935 (National Numismatic Collection, Smithsonian Institution).

Figure 2. The backs of the Series of 1934 gold note were printed in a distinctive rich orange, which greatly lived up the aesthetics of the notes (National Numismatic Collection, Smithsonian Institution).



Their story is worth knowing. There is important monetary history here.

The New Deal

Newly elected Franklin D. Roosevelt and his New Deal Democrats instituted the most sweeping changes in U. S. monetary policy in the history of the nation during 1933 and 1934. The situation in 1933 was acute. The economy and fabric of the country were being crushed by the Great Depression, threatening social upheavals that threw into question to legitimacy and viability of American capitalism. The American banking system was on the verge of collapse, panic gripped the public and vast swaths of people were suffering severe financial hardship.

Well known is that Roosevelt took the United States off the gold standard. Less well known is that the entire currency regimen used by the country was fundamentally altered. When the smoke cleared,

silver was fully monetized, an outcome that had been on the wish list of free silver western and southern populists for several decades prior. Use of gold in the settlement of accounts between governments or within their central banks became the exclusive preserve of the Federal government.

The restructuring during 1933-4 was radical and dramatic. When you stand back, it all appears to have been quite simple. Much of it was driven by a couple of populist economic tenets that had been advocated by populist politicians in the 1800s, and given forceful voice by William Jennings Bryan during his campaign for the presidency as a Democrat in 1896.

First, a recurring problem was that when events caused the public to feel financially insecure, everyone preferentially hoarded gold but also scarfed up cash of every type, removing it from banks and commerce, thereby weakening both. The hoarding made whatever economic problems were occurring worse by creating a money stringency that stifled commerce. This cyclical phenomenon periodically resulted in severe financial panics, the most recent being 1873, 1893, 1907 and, at the time, 1933.

Gold was seen as the villain by the populists, who considered it to be a useless metal that was arbitrarily expensive and which, because it was used to constrain the volume of money, caused money to be scarce and out of reach for too many.

Second, during the early days of the Great Depression, many populists thought that the U. S. dollar was overvalued and thus too scarce to benefit the average person. They felt the dollar should be cheapened and the money supply greatly increased if all were to prosper. The idea was, of course, that economic activity would be stimulated if everyone had more dollars in their pockets to spend, a proposition that resonated throughout the rural regions and with labor.

FDR was inaugurated on March 4, 1933, a Saturday. The following Monday, March 6th, he issued his famous proclamation closing every bank in the United States and its possessions for a period of four days. On March 9, he asked Congress for legislation giving the executive branch control over banks for the protection of depositors. The Emergency Banking Relief Act of March 9, 1933 was passed by Congress at 8:30 pm without a single dissenting vote, and the president immediately extended the bank holiday indefinitely.

Title 1, section 3, of The Emergency Banking Relief Act stated “Whenever in the judgment of the Secretary of the Treasury such action is necessary to protect the currency system of the United States, the Secretary of the Treasury, in his discretion, may require any or all individuals, partnerships, associations and corporations to pay and deliver to the Treasurer of the United States any or all gold coin, gold bullion and gold certificates owned by such individuals, partnerships, associations and corporations.”

Gold Confiscation Order

President Roosevelt issued executive order 6102 on April 5, 1933, the purpose of which was to require everyone to turn in their gold, gold bullion and gold certificates to banks, which would then forward those items on to the Federal Reserve Banks. The purpose of his order was to free up the gold that had been hoarded and to get it into the hands of the government.

Key Executive Orders

The very active Roosevelt administration issued a series of executive orders during the second half of 1933 that were designed to gain government control over the gold supply in the United States.

On August 28, it was announced that anyone other than a Federal Reserve Bank was forbidden from acquiring, holding or exporting gold, except under license.

The next day, August 29th, gold producers learned that the Secretary of the Treasury was to receive all newly mined gold of domestic origin.

On December 28, the Secretary of the Treasury Henry Morgenthau ordered that all gold be delivered to the Treasury at \$20.67 per ounce.

Gold Reserve Act of 1934

The single act that had the greatest impact on the paper money issues of the United States was the Gold Reserve Act of January 30, 1934. Its far reaching provisions:

1. terminated coinage of gold,
2. required gold to be withdrawn from circulation,
3. terminated the redemption of any U. S. currency in gold,

4. ceded title of the gold in the Federal Reserve Banks to the United States,
5. authorize the unlimited coinage of silver, and
6. created the Stabilization Fund to regulate foreign exchange rates.

The act authorized the President and Treasury to take the United States off the gold standard, to inflate the money supply, and to devalue the dollar. Title III, section 43:2 of the Agricultural Adjustment Act of May 12, 1933 already contained language permitting the unlimited coinage of silver, but the Gold Reserve Act spelled out how to do it. All the silver in the Treasury, not only coin but also bullion, was to be monetized.

Federal Reserve Notes were backed by 40 percent of their face value in gold at that time, so as gold was taken out of circulation, the supply of Federal Reserve Notes theoretically could increase \$2.5 for each gold dollar removed.

These machinations to inflate the money supply would pale in comparison to the ability of the President to create money through the revaluation of gold and silver; that is, provided the Treasury owned the gold and silver, which by then it did!

End of the Gold Notes

The gold confiscation order of May 5, 1933 effectively began the process of cleansing gold coins and gold certificates from circulation. A crucial next step was to give the United States title to the gold owned by the Federal Reserve Banks, a deed accomplished with the passage of the Gold Reserve Act. The Gold Reserve Act forbade the Treasury from paying out gold as follows:

No gold shall hereafter be coined, and no gold coin shall hereafter be paid out or delivered by the United States * * *. All gold coin of the United States shall be withdrawn from circulation, and, together with all other gold owned by the United States, shall be formed into bars * * *.

The issuance of gold certificates ceased with the confiscation order.

All the pieces were now in place for Roosevelt to implement his grandest coup of all with respect to money.

Revaluation of Gold

Roosevelt by proclamation changed the price of gold from \$20.67 to \$35 per ounce on January 31, 1934. He wasted no time; the proclamation was issued the day after the Gold Reserve Act passed.

This action deflated the value of the dollar by almost 41 percent. Important for the New Deal policy makers was that it instantly increased the value of the Treasury's stock of gold by about \$3 billion.

The Gold Reserve Act specified that the profit from any revaluation would accrue to the Treasury. The first \$2 billion was earmarked for establishment of a Stabilization Fund within the Treasury. This fund would be used to buy and sell gold between governments or their central banks in order to maintain the parity of the dollar with other world currencies.

The monetization of the silver in the Treasury also greatly inflated the money supply. Included were large stocks of bullion that the government had purchased during recent decades as a populist subsidy to western mining interests. The Treasury also had Congressional authorization to buy unlimited amounts of new silver. In addition, there were seigniorage gains from coining new silver coin. These actions created hundreds of millions of dollars of new money. That money appeared in the form of silver certificates, which were pumped into the economy.

What we are seeing here was the instantaneous creation of a huge amount of money in the form of devalued dollars that the government could use. American dollars and goods now looked cheap to the rest of the world, so gold began to flow to the United States as those economies purchased both. The New Dealers hoped all of this would stimulate economic recovery.

Series of 1934 Gold Certificates

The Gold Reserve Act ceded title of the gold owned by the Federal Reserve Banks to the United States. Credits for that gold were to be provided to the banks in the form of gold certificates issued by the Treasury.

The same day that Roosevelt issued Proclamation 2072 revaluing the gold; he released a statement that explained the action (Parks, current). In it he provided details about the new series of gold certificates that were going to be used to settle gold credits between the Treasury and the various Federal Reserve Banks.

This credit due the Federal Reserve Banks is to be paid in the new form of gold certificates now in course of production by the Bureau of Engraving and Printing. These certificates bear on their face the wording:

“This is to certify that there is on deposit in the Treasury of the United States of America * * * dollars in gold, payable to bearer on demand as authorized by law.”

They also will carry the standard legal tender clause, which is as follows:

“This certificate is a legal tender in the amount thereof in payment of all debts and dues, public and private.” The new gold certificates will be of the same size as other currency in circulation and the only difference, other than the changes in wording noted above, is that the backs of the new certificates will, as used to be done, be printed in yellow ink. The certificates will be in denominations up to \$100,000.

The new gold certificates were Series of 1934 notes that carried Julian-Morgenthau Treasury signatures. A memo was sent to Alvin W. Hall, Director of the Bureau of Engraving and Printing, by Under Secretary of the Treasury T. J. Coolidge on May 11th confirming that the backs were to be printed in yellow using standard back plates. They were printed in \$100, \$1000, \$10,000 and \$100,000 denominations, with the \$100, \$1000 and \$10,000 going to press in May, and deliveries arriving at the Treasury on June 25th.

\$100,000 Gold Notes

Models of the \$100,000 back and face were sent by BEP Director Hall to Treasury for approval.



Figure 3. Henry Morgenthau Jr., seated next to President Franklin D. Roosevelt, was a man of unimpeachable integrity who served as President Roosevelt's Secretary of the Treasury from 1934 until 1945. He oversaw the total restructuring of the U. S. monetary system, unprecedented Federal budgets and emergence of the United States as the wealthiest nation on the earth.

Both were approved by Secretary Morgenthau, the face on February 13, 1934 and the back earlier. The model of the back is undated.

William S. Broughton, Commissioner of the Public Debt, queried Federal Reserve Governor E. R. Black concerning the Fed's anticipated need for Series of 1934 gold certificates. Black responded February 20, 1934 with a request for 120,000 \$100s, 84,000 \$1,000s, 36,000 \$10,000s and 42,000 \$100,000s totaling \$4,656,000,000. The \$100,000s would be the last to go into production because entirely new dies had to be prepared.

\$100,000 dies were made and an impression from each was submitted to Treasury from the Bureau for approval, the back on October 19th and the face on November 21st. The back was approved by Under Secretary of the Treasury Coolidge on October 30th and the face by Secretary Morgenthau on November 26th.



Figure 4. Model of the \$100,000 Series of 1934 face approved February 13, 1934, by Secretary of the Treasury Henry Morgenthau Jr. (National Numismatic Collection, Smithsonian Institution).

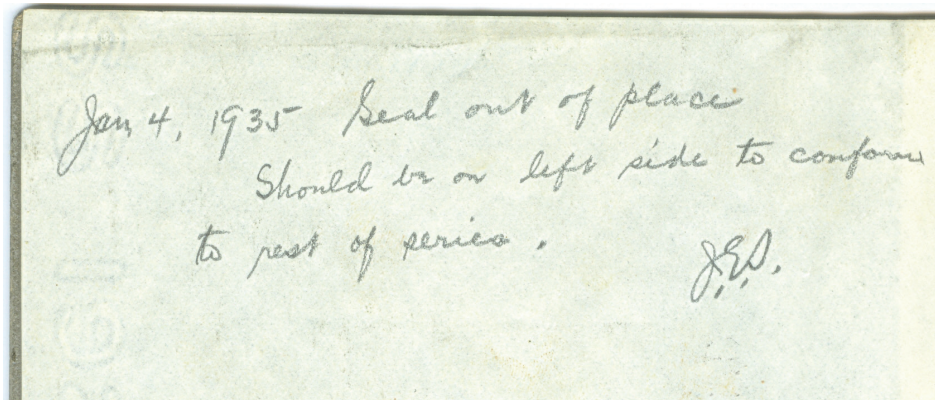


Figure 5. This handwritten note dated January 4, 1935, which is attached to the back of the model of the \$100,000 face, points out that the seal is on the wrong side (National Numismatic Collection, Smithsonian Institution).



Figure 6. Model of the \$100,000 Series of 1934 back approved, but undated, by Secretary of the Treasury Henry Morgenthau Jr. (National Numismatic Collection, Smithsonian Institution).

\$100,000 back plate 130283 was begun on November 2, 1934, and certified November 13, 1934. It was sent to press two days later where it was used between November 15 and 21.

Face plate 130452 followed. Work on it began November 30, and the plate was certified December 17. It was sent to press that day and used through December 26th to print the faces on the preprinted backs.

Both plates were steel made by a siderographer using Perkins steel transfer roll technology, and both carried plate serial number 1 within each of the subjects. They were the only plates made for the denomination.

A handwritten note dated January 4, 1935 attached to the back of the model of the face states: "Seal out of place. Should be on left side to conform to rest of series." The problem was caught as the sheets moved forward to the sealing and numbering press!

Delivery of 42,000 notes was made to the Treasury on January 9, 1935. That's \$4 billion 200 million folks! That printing consisted of 3,500 12-subject sheets.

Star notes were not used. Defective notes were replaced with make-up notes bearing the same serial number as the defective.

The plate history ledgers reveal that a second printing was made during August 1935. The backs were printed between August 1st and 2nd, and faces August 3rd through 5th. There is no record of deliveries from that press run.

Use

Once available, the new orange backs were substituted for Series of 1928 green back gold certificates held by the Federal Reserve Banks. The orange backs never circulated outside the Federal Reserve Banks and Treasury.

Outstanding Notes

The Department of the Treasury withheld from destruction a limited number of Series of 1934 gold certificates and allowed them to be retained by the Federal Reserve banks and Smithsonian Institution for display in their numismatic museums. Special rules were promulgated pertaining to their custody and the liability of the holding entity should anyone ever attempt to redeem them.

This information has been published on the Treasury's Bureau of the Fiscal Service website cited below, and that website contains a census of the remaining notes, reproduced here on Table 1. Important for this discussion is that the whereabouts of the A00000001A and A00000002A \$100,000s are known, respectively in the hands of the National Numismatic Collection and the Federal Reserve Bank of Kansas City. The serial numbers of most of the other \$100,000s have not been cataloged.

Table 1. Numbers of Series of 1934 Gold Certificates outstanding with official record of ownership.

Owner	Date of Accounting	No Notes	Numbers of Notes by Denomination				
			\$ Value	\$100	\$1000	\$10000	\$100000
Federal Reserve Banks							
New York	Receipt 7/11/80	8	222,200	2	2	2	2
Philadelphia	Receipt 7/21/80	4	111,100	1	1	1	1
Cleveland	Agreement 10/2/78	4	111,100	1	1	1	1
Richmond	Agreement 5/22/78	4	111,100	1	1	1	1
	Receipt 6/27/80	1	100	1			
Atlanta	Receipt 8/4/80	5	500,000				5
Minneapolis	Agreement 10/6/78	4	111,100	1	1	1	1
Kansas City	Receipt 7/28/80	16	444,400	4	4	4	4
Executive Agencies							
Smithsonian	Agreement 5/22/78	16	444,400	4	4	4	4
Treasury		4	111,100	1	1	1	1
Totals		66	2,166,600	16	15	15	20

In addition, various specimens exist of the \$100,000s including but not limited to a uniface face and back pair on display at the American Numismatic Association museum in Colorado Springs and a punch canceled specimen sheet that is part of the traveling Bureau of Engraving and Printing exhibit that is well known to numismatists. All the notes on the BEP sheet are A00000000A.



Figure 7. Upper right subject from the proof of the \$100,000 Series of 1934 face plate certified December 17, 1934. The bold letters CS near the plate number stand for chromed steel plate. The small letter F was stamped on the plate to indicate that they had been hardened. Each of the subjects bear plate serial number 1. This was the only plate made for the denomination (National Numismatic Collection, Smithsonian Institution).

The National Numismatic Collection has the 12-subject certified proofs lifted from the number 1 face and back plates made for the \$100,000s, as well as the models illustrated here.

New Deal Results

By cheapening the dollar, huge flows of gold came from abroad because the dollar was cheap relative to the other major currencies as were American goods priced in those dollars. That gold, of course, went into the Treasury.

The long term outcomes were that by World War II the United States was the wealthiest nation on earth, and the U. S. dollar was the preeminent currency and store of wealth in the world. New Deal legislation insured bank deposits by the Federal Deposit Insurance Corporation, greatly increasing public confidence in banks, so the American banking system was robust.

A primary objective during the early years of the Roosevelt administration was to boost employment. However, all the money created during the New Deal programs in the 1930s did not result in full employment as expected by government policy makers.

Ironically, free marketer Burton Folsom quotes testimony by consummate administrative insider Henry Morgenthau Jr. before the House Ways and Means Committee in May 1939, as saying: "We are spending more money than we have ever spent before and it does not work. I want to see this country prosperous. I want to see people get jobs. We have never made good on our promises. I say after eight years of this administration we have just as much unemployment as when we started and an enormous debt to boot."

The same administration fought and financed World War II. Recovery from the Great Depression in terms of full employment and economic prosperity for the middle and lower classes turned on massive spending by the Federal government as the government executed the war. Of course, most of the money came from taxes and deficit spending funded by borrowing through bond sales. The inevitable inflation would allow for paying off those debts, if indeed they ever were paid off, using the cheaper dollars of the future.

An Early Thrill

One of the stellar highlights of my experiences chasing currency in Washington, DC, occurred on my first research visit in 1970. I was 27 years old at the time and tagging along with Chuck O'Donnell, who had invited me to go with him to the BEP. He was collecting printing data for his catalog.

We visited the production manager, a fellow named Morton Rice, who had a spacious office with a file cabinet or two containing small size plate production cards that listed the numbers of sheets printed from each plate. Chuck was totaling these to get the data that appeared in his catalog.

I had nothing to do, so was sitting in a chair twiddling my thumbs as Chuck labored over his adding machine at a small table next to the file cabinets. After a while, Mr. Rice, who was cognizant that I was simply cooling my heels, spoke up from behind his desk, and said: "Say, why don't you go through the door to your right and you'll find some map cases filled with things you might find of interest."

I entered the room alone, which was a long narrow affair with windows to the left and a long row

of map cases that stood about mid-chest high to the right. The door closed behind me. I was now alone and left to poke around.

I started to pick through the drawers, amazed at the treasures they held. This was material assembled by production managers, so it mostly consisted of sheets pulled right off the production line. Large and small size material was present.

Being seriously into small size type notes at the time, I recall finding a couple of 18-subject sheets of \$5 1953C silver certificate star notes. We knew back then that none had been released so I was salivating!

After some time, I opened one drawer that held a lone sheet of \$100,000 Wilson 1934 gold notes. Whoa! I had to see that \$1.2 mill up close! I knew it had an orange back, and that is my favorite color on a note. So I started to pull it out.

But it was stuck. I didn't want to cause any damage to it, so I slid my hand in above it to feel what was hanging it up. At the back of the drawer, out of sight, my hand felt what seemed to be a block of wood or some such thing that was sitting on the sheet and weighting it down.

I carefully got hold of this thing and pulled it out. What I held in my hand was a pack of 100 \$100,000 1934 gold notes!

Holy Toledo!

The notes were specimens that had serial numbers that alternated back and forth between A00000001A and A00000000A. They were complete in every detail and were not cancelled or marked specimen. They were as fresh as the day they were printed!

The customary paper band wrapped around the notes was labeled \$10,000,000!

Probably these specimens were destroyed in the late 1970s when the Treasury Department took the last of the Series of 1934 gold certificates out of service and made the final accounting of those that had not been destroyed.

Acknowledgments

Lee Lofthus provided copies of correspondence he found on the \$100,000 in the Bureau of the Public Debt files in the National Archives. Jamie Yakes provided copies of the plate history ledgers, also from the National Archives. Carlson Chambliss located the web site containing the listing of the outstanding Series of 1934 gold certificates on Table 1. Staffers at the National Numismatic Collection, Smithsonian Institution, provided access to the models and notes illustrated here.

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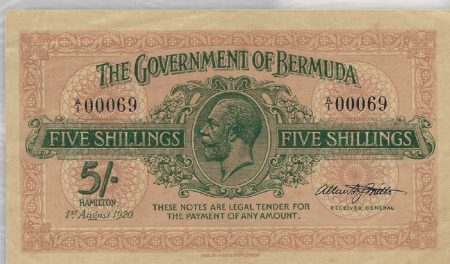
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THE NEW ZEALAND RESERVE BANK NOTES OF 1940

by Carlson R. Chambliss

The notes that the New Zealand Reserve Bank introduced in 1940 were the second series of government-issued paper money to be used in that country. For most of its existence as a self-governing colony New Zealand relied on foreign or non-governmental sources for its currency. The coins used in New Zealand were either British or Australian, and until 1914 New Zealand was fully on the gold standard. All currency notes were private in nature. Although there were a number of ephemeral banks in earlier years, by the 1910s the number of trading banks was six. Four of these (Bank of Australasia, Bank of New South Wales, Union Bank of Australia, and Commercial Bank of Australia) were actually Australian banks that issued notes domiciled to various New Zealand cities, while the other two (Bank of New Zealand and National Bank of New Zealand) were headquartered in New Zealand, but of the six the Bank of New Zealand was the largest.

During the 1920s there was some standardization in the issues of banknotes. In 1924 a uniform size (180 x 80 mm) and a uniform color scheme for each denomination was introduced. All six of the trading banks issued notes for 10/- (shilling), £1, £5, and £10, and notes for £20, £50, and £100 were issued by some of them. The use of high-denomination notes was perhaps a bit peculiar, however, since Australia with its much larger economy had abandoned circulating notes above £10 by the late 1920s.

The need for a central bank in New Zealand arose more by necessity than by choice. In 1931 the entire British Empire went off the gold standard, and in 1933 both Australia and New Zealand took things one step further. In that year they devalued their currencies 20% with respect to sterling, so that an Australian or New Zealand pound was now worth only 16/- in British currency (or about \$3.20 in American money). Special coins for New Zealand (minted in London) were introduced in 1933, and a reserve bank was established in the same year.

The first series of New Zealand Reserve Bank notes was issued on August 1, 1934. There were four denominations - 10/-. £1, £5, and £50 - and these were of the same size and roughly of the same colors as the private notes that had been issued since 1924. There were some peculiarities with this issue. Although notes for 10/-, £1, and £5 would seem normal, there was no £10 note, a note that had circulated fairly widely in previous years. In depression-ridden New Zealand ten pounds would have been considered a large sum of money to many persons, and retail trade could have just as well been served with two five-pound notes. The £50 pound notes were intended very largely for interbank transfers and were little used in everyday commerce. The four values of this series all had the same designs, but each was in a different color. There was not much difference, however, between the orange-red hue of the 10/- note and the rose-red color of the £50 note. Occasionally this did cause some confusion, although few New Zealanders ever came into contact with the £50 notes.

The first issue of New Zealand Reserve Bank notes came in when the nation was in the depths of the Great Depression, and they went out in 1940 when by that time

New Zealand was already engaged in World War II. This issue is sometimes referred to as the “temporary” series, but it did last six years. It is hardly surprising that only small numbers of these notes have been preserved, and this is especially true of the highest value of this series. When I was a graduate student in New Zealand in the 1960s, I never saw any 1934-type notes in circulation, although they still had legal tender status.

The second issue of reserve bank notes had been planned for some time, and they were issued on February 6, 1940, in order to coincide with the centenary of the signing of the Waitangi Treaty. February 6, 1840 was the date on which a group of Maori chiefs decided to cede sovereignty to the British Crown. Exactly what was ceded, however, has been a matter of dispute ever since. Considerably controversy still exists over the exact meaning of one word – *kawanatanga* in the Maori language – or suzerainty as it is often translated. In effect, New Zealand became a British crown colony in 1840.

New Zealand was the last sizeable land mass to be inhabited by people. This occurred only about 1000 years ago, when the Polynesian Maoris arrived from Tahiti and the Cook Islands. Their language is very closely related to other East Polynesian languages such as Hawaiian or Tahitian, and rather less so to West Polynesian languages such as Samoan or Tongan. The first European to visit New Zealand was the Dutchman Abel Tasman, who gave it the name by which this country is best known. The Maori name for the country, however, is Aotearoa, which means Long White Cloud, a name which is far more appropriate for this highly mountainous country than is a reference to the Dutch province of Zeeland, which is perfectly flat.

After 1840 New Zealand developed as a self-governing British colony largely engaged in pastoral enterprises, but it also had a gold rush in the 1860s, and there were serious land tenure problems with some Maori tribes at this time. One group of Maoris declared an independent kingdom at this time and did not recognize British sovereignty for about two decades. One of the leaders of the so-called Kingite movement was Tawhaio Te Wherowhero (1825-94), and his portrait appears on all notes of the 1934 issue. This is probably because he helped to organize an ephemeral bank, *Te Peeke o Aotearoa* (The Bank of New Zealand) that actually issued a few notes of its own. These items are major rarities today.

The notes of the second issue of 1940 also depict only a single portrait, and that is of the great British navigator James Cook (1728-79), who was the first person to thoroughly map New Zealand, mostly in the year 1769. Tawhaio Te Wherowhero, however, appears in watermark form on all second issue notes, and this “tradition” was continued with later New Zealand Reserve Bank issues. The issues of 1967-90 all portray Queen Elizabeth II, but James Cook appears in watermark form



Figure 1 - The 10/- and £1 notes printed with the Hanna signature between 1947 and 1954 were dated in their serial numbers. This note was obviously printed in 1949. Some ambitious collectors attempt to acquire all eight date varieties for both the 10/- and £1 notes.

on all of these. Similarly the issues of New Zealand since 1990 mostly depict famous New Zealanders, but the Queen appears in watermark form on all.

The notes of the first issue (1934) featured the signature of the governor of the Reserve Bank, Leslie Lefaux, but on the notes of the second issue (1940) this is replaced by that of the Chief Cashier of the bank. Between 1940 and 1967 three individuals served in that capacity. These were as follows:

Thomas P. Hanna (1940-55)

Gilbert Wilson (1955-56)

Robert N. Fleming (1956-67)

Hanna served as Chief Cashier starting in 1934, and he had previously worked with the Bank of Australasia. Wilson had previously worked with the National Bank of New Zealand, and from 1956-67 he served as Deputy Governor and then as Governor of the Reserve Bank. Fleming was originally employed at the (private) Bank of New Zealand, but he began work at the Reserve Bank in 1934. He was much involved with the changeover to decimal currency in 1967. One might assume that Wilson notes would be far scarcer than either Hanna or Fleming notes, but that is not actually the case. For most types, Fleming notes are more abundant than their Hanna or Wilson counterparts.

In the second issue of New Zealand there are five denominations, since a £10 note was added and the £50 note was retained. The dominant colors are orange-brown, violet, dark blue, green, and red, respectively. The three lower values show some shade variations over the years, but none are pronounced for a given variety. Almost all New Zealand notes are printed in blocks of one million notes each, and this gives rise to more serial number blocks than are practical to collect, at least for the three lower denominations. All values show very pronounced differences in block headings, however, and this is the way in which these notes are usually collected by persons who wish to acquire more than just the basic type and signature varieties. In about 1960 a security thread was inserted into these notes, and the Fleming notes come both with and without security threads. All notes of this series were printed by Thomas De La Rue in London, the firm which also printed all of the 1934-type New Zealand notes. The notes are not dated, but all are domiciled to Wellington. There are no replacement notes for this series.

These notes were in continuous production from 1940 to 1966, and the total printings were about

10/-	164 million	£10	18,400,000
£1	480 million	£50	549,000
£5	193 million		

For most values the total number of blocks is comparable to the numbers of notes printed (in millions), but these notes are usually collected by basic block types. These totals are as follows:

	Block Types	No. of Blocks (approx.)
10/-	7	~170
£1	7	~480
£5	6	~200
£10	6	21
£50	4	5

There is also one extremely rare block type for the Wilson £1 notes that is not counted in the total given above.

The second issue of NZ Reserve Bank notes was in general use for 27 years from 1940 to 1967. This was a time of fixed exchange rates, and the value of the New Zealand pound was maintained at about \$3.20 in US currency until September, 1949, when the value of the NZ pound was returned to parity with that of the then devalued British pound at \$2.80 in U. S. currency. At the time New Zealand decimalized its currency in 1967, the value of its money was set at parity with that of Australia or \$2.24 per pound (i.e., \$1.12 per dollar) in U. S. currency. For most of the years that the 1940-type notes were in circulation a variety of exchange controls were in effect, and many persons were more concerned with how to convert NZ money into overseas funds than they were in holding onto their own banknotes that in more recent years have proven to be hugely worthwhile as long-term investments when in choice condition.

The 10/- notes are 140 x 80 mm in size. The back design features a vignette of the signing of the Treaty of Waitangi in 1840 and a flightless kiwi bird, the animal which has become emblematic of New Zealand. The earlier of the Hanna notes feature an initial number over letter designation, and these range from 0/J to 9/J and from 0/H to 3/H. Between 1947 and 1954 both the 10/- and the £1 notes were annually dated. For the 10/- notes there are 38 blocks between 0/47 and 5/54 for the eight years in which this numbering system was used. The last batch of Hanna 10/- notes feature the letter A over a numeral which range from A/0 to A/5.

The numbering of the Wilson 10/- notes continues where the Hanna notes left off, and blocks from A/5 to B/4 are recorded. The Wilson notes conclude with numeral-letter combinations that range from 0A to 0K. The Fleming notes continue with the numeral-letter combinations. There were a total of 91 blocks of these ranging from 0L to 9J. About 21 million of these lack security threads, while the other 70 million Fleming notes have this feature.

The £1 note was the most widely used of this issue, and it measures 155 x 84 mm in size. The back design depicts Captain Cook's ship, the *Endeavour*. The earlier Hanna notes used a numeral over a letter to initiate their serial numbers, and 41 different blocks exist between 0/L and 0/Q. The dated notes range from A/47 to U/54, and a total of 107 million of these were printed. The final group of Hanna notes featured G/0 to H/2 (13 blocks). The Wilson notes continued with H/2 to J/9 (18



blocks). The next should have been K/0, but a mix-up occurred between De La Rue and Wellington. One batch estimated at 300,000 was printed in 1955 that featured 0/K. This error was not detected initially, and there was almost zero collector interest at that time. Very few were saved, and only about a dozen examples are known today.

The Wilson £1 notes then proceeded with numerical blocks ranging from 001 to 020, and all of the Fleming notes feature this style of serial numbering. Those in blocks 021 to 107 lack the security thread, while those from 108 to 301 have this feature. The latter is the most abundant of all 1940-type NZ notes, but not many collectors attempt to acquire all of these notes in this fashion.

The £5 note measures 172 x 90 mm and was initially printed in a deep shade of blue. By the 1960s, however, its color had become bluish black. These notes depict a view of Lake Pukaki on the South Island with Mount Cook in the background. At 3,764



Lake Pukaki depicted here is one of many large, deep fresh water lakes of glacial origin that are found on the South Island. The largest lake in New Zealand, however, is Lake Taupo, which is at the center of the North Island. It is a filled volcanic caldera that is the result of a huge volcanic eruption that took place in prehistoric times.

meters (12,380 feet) it is New Zealand's tallest peak. Its Maori name is *Aorangi* (= Cloud Piercer), but this is often rendered *Aoraki* on the South Island where *raki* (= sky) may substitute for *rangi*, this word in standard Maori. This mountain is very heavily glaciated, and climbing it is a tough challenge even for professional mountaineers.

The notes with a Hanna signature are all of one basic type – numeral over letter – and these range from 0/X to 8/V in the sequence in which they were printed. There are a total of 49 different blocks. The Wilson £5 notes continue with the same type of serial number blocks from 8/V to 5/Y for a total of 17 blocks. Then they switch to using a letter-numeral combination for the blocks A0 to A5. The Fleming notes initially continued using this style, and many blocks (about 95) were printed in this fashion. Those with blocks up to E7 (about 25) lack a security thread, while all those from E8 through Y9 (about 70) have this feature. The late printings of £5 notes feature blocks of the number-letter type. There were 28 of these ranging from 10A to 12L.

The £10 notes were produced in much more limited quantities than were the three lower values. Initially they were 188 x 98 mm in size, but sometime early in the tenure of Robert Fleming (ca. 1958) they were shortened slightly to 184 x 98 mm. The back of this note depicts a typical pastoral scene featuring sheep. Also shown are *ti* trees (also known as cabbage trees). This scene could be on either island. The Hanna notes come in one serial number block type only, which is a numeral over the letter F. For the Hanna notes the range is from 0/F to 4/F. The earlier Wilson notes continue with this style, and they exist in blocks 4/F and 5/F. A new style of serial number was



was then changed to letter-letter, and notes with blocks AA and AB were printed without security threads. Notes with blocks AB through AS (7 blocks only) were then printed with security threads. A total of almost 12.0 million notes were printed with Fleming's signature.

This note is one of the Fleming remainder notes that was sold by the Reserve Bank in the late 1960s. They all feature serial numbers of the type R199 - - -, include a security thread, and are 184 mm long. Fleming notes with lower serial numbers are not often seen, but these may lack the security thread and might be somewhat longer (188 mm).



The £50 notes are identical in size to the £10 notes, and so I assume that there are some Fleming notes that are 188 mm in length and lack a security thread, but all I have seen with this signature are 184 mm in length and feature a security thread. The back of the £50 note depicts a view of Mount Egmont along with dairy cattle and a tui bird. The Maori name of this mountain is *Taranaki*, the name that is also given to the province in which this supposedly extinct volcano is located. Mount Egmont is 2,520 meters (8,260 feet) high. In good weather it is an easy mountain to climb, but it is the rainiest place on the North Island and the weather can change abruptly. When I was last in New Zealand in 2003, there was sort of a gruesome "competition" between Mt. Egmont and Mt. Cook. Over the years each had claimed 63 victims up to that time. Incidentally the tui bird that is also featured on this note is noted for its ability to mimic the voices of many other types of birds.



Two varieties of both the Hanna and the Wilson £50 notes exist. All Hanna notes have an initial block 0/U, but the serial numbers come in either sans serif or italic numeral styles. The Wilson notes come in either the 0/U or 1U blocks. It is believed that 329,000 Hanna notes and 120,000 Wilson £50 notes were printed. Only about

20,000 of the Hanna notes, however, were printed with italic numerals, and this variety is truly rare. All Fleming notes feature a serial number beginning with the letter R. It is believed that 100,000 of these were printed, presumably with serials in the 100,000 to 200,000 range. Most Fleming notes on the market are in CU grade and have serials in the R199 - - - range. These notes were marketed by the New Zealand Reserve Bank shortly after decimalization in 1967. Some circulated Fleming notes with lower serial numbers do exist, but do any of these lack a security thread or are 188 mm in length instead of 184 mm, the length of all of the late printings of these notes? That I do not know. It seems that a total of 549,000 £50 pound notes were printed, but many of the Fleming notes were probably not placed into circulation prior to 1967.

Two other datasets that I have obtained from the NZ Reserve Bank are of some interest. The first are the numbers of notes in circulation in 1963, when these notes were still in circulation, while the second are the numbers still outstanding in the year 2000. These data would have included a few notes dated 1934, but the overwhelming majority of these notes would have been of the 1940 series.

	no. in 1963	no. in 2000
10/-	5,100,000	270,000
£1	13,685,000	790,000
£5	9,894,000	190,000
£10	1,530,000	24,000
£50	71,400	1,600

When these data are compared with the total numbers printed that were shown earlier, it is clear that the nos. printed / nos. outstanding varies greatly for the different denominations. This ratio is a measure of the lifetime of a note, and clearly this was much greater for £10 and £50 notes than it was for 10/- and £1 notes.

Today all £50 notes of this series have become coveted rarities that fetch very high prices. A large percentage of these are Fleming notes with serials of the R199 - - - type. These notes were marketed by the NZ Reserve Bank in the late 1960s at prices not much above face value (about \$US110 at that time). Today these notes sell for more like \$4,000 each. Most other New Zealand notes of the 1940 type have shown less dramatic price increases, but in high grade all of them are very much worthwhile. The pre-decimal notes of New Zealand no longer have legal tender status, but they are still redeemable by the New Zealand Reserve Bank.

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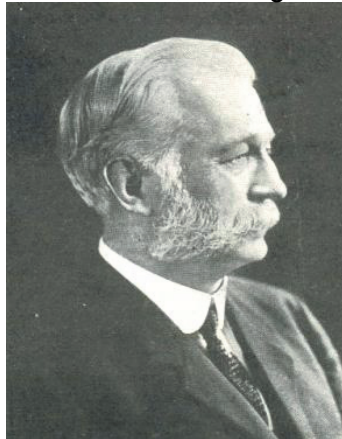
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Chicago's Panic Scrip of 1907

by Loren Gatch

The Panic of 1907 and the restriction of payments by banks gave rise to a multitude of local currencies, as cities and towns nationwide sought to replace scarce cash with emergency issues to meet payrolls and otherwise provide for a circulating medium. An intuitive way of examining these scrip experiences would be to follow the structure of the National Banking System itself, and start with the central reserve cities—New York, Chicago, and St. Louis. Even though New York City was the epicenter of the panic, its banks did not issue emergency scrip for general circulation. Thus, a detailed account of the panic scrip of 1907 must begin with events in Chicago.

As the second, smaller central reserve city, Chicago was subject to multiple pressures. Not only did Chicago's banks have to contend with liquidity demands from its own correspondents, they also came under increasing pressure to issue some sort of emergency scrip in order to accommodate local payrolls. Despite its status as a central reserve city, Chicago's options were constrained by what was happening in New York City. Like other smaller cities, Chicago saw its access to cash restricted and a widespread shift to the use of



James Berwick Forgan
1852-1924

checks whenever possible as a means of payment. Led by James B. Forgan, president of the First National Bank, the Chicago Clearing House Association (CCHA) both employed clearing house certificates internally and issued for public use some \$7 million in small denomination clearing house checks that circulated not only in the Chicago area but found demand among outlying banks in the Midwest.

Unlike those smaller cities, though, Chicago possessed the financial resources to engage substantial shipments of gold from London, which began arriving by mid-November. Those shipments, along with additional supplies of national banknotes as well as the resort to clearinghouse media, mitigated the effect of currency restrictions and allowed the city to return to unrestricted payments by the end of the year. Moreover, unlike New York City, relations between Chicago's commercial banks and its trust companies remained harmonious. In New York City, competitive jealousies had caused the departure of trust companies from the clearing house in 1901; in October 1907, it was the unwillingness of the New York banks to come to the aid of the Knickerbocker Trust that allowed the situation to get out of control. In contrast, Chicago's institutions worked well together, and trust companies were abundantly represented in the clearing house. Forgan was the indisputable leader of Chicago's financial community. Born in Scotland in 1852, Forgan entered banking early in life, moving to North America via Montreal, and later to Chicago in 1892. Though an intimidating personality, Forgan worked well with other bankers, mostly notably John J. Mitchell, president of the Illinois Trust and Savings Bank, with whom Forgan coordinated the response of Chicago's financial community to the urgent demands for currency from various institutions and businesses.

October 26: Going on a "Check Basis"

While the collapse of the Morse banks represented the first tremors in New York, it was the collapse of the Knickerbocker and runs on similar institutions that led to the panic by October 24. The refusal of New York banks to rescue the trusts, even while saving their own, created public anxiety that became contagious. Trust companies had lent heavily in the call loan

market, and their attempts to liquidate these loans threatened a crash of asset prices. The eminent J. P. Morgan, for his part, mobilized money to support the stock market. On Saturday, October 26, the New York clearing house decided to issue certificates, and Chicago followed suit that same day.

In the days prior to the resort to certificates, Chicago had found itself under growing pressure both from New York and the interior banks. While country banks were drawing upon their Chicago balances, correspondents with accounts in the East were transferring their balances to Chicago in an attempt to gain currency. As the First National's Forgan later described those early days,

The national banks in Chicago shipped out of their reserves to country banks between twenty-five and thirty million dollars. We ourselves shipped, in six days, six million dollars...At the end of the week, notwithstanding this drain on our legal reserves, we owed the country banks as much as we did at the beginning. They had transferred their balances from New York and other Eastern points to Chicago and immediately ordered currency against them, leaving us still normal in our deposits but very much reduced in our legal reserves.

As these pressures increased throughout the week, Chicago banks grew defensive, suspending currency transfers to their correspondent banks and starting to call in loans. Over that weekend, the CCHA approved the issuance of clearinghouse certificates in denominations of \$5,000 and \$10,000, paying 7% interest and backed by securities to 75% of their face value, terms that were similar to other large-denomination issues across the country. The certificates employed were simply those printed for the Panic of 1893 and never used, having sat in the CCHA's vault for the previous fourteen years. In addition to the CCHA approving certificates, the savings banks invoked their legal privilege to require that their depositors give thirty days' notice before withdrawing funds. In taking these measures, Mitchell explained, "Chicago has simply protected its currency reserve and every other currency center has done or will do the same." On Monday, October 28, the city's banks announced that they were on a "checking basis", and the certificates were put to use in clearinghouse settlements; banks in Minneapolis, St. Paul, Duluth and elsewhere announced similar moves.

Transacting by check alone needn't be an immense burden, Forgan averred, since 95% of the city's business was already handled that way. The biggest challenge was how to accommodate large industrial payrolls, which typically were either paid in cash or in checks which employees expected to be able to cash immediately. Municipal governments found themselves in a similar position; already the City of Chicago Treasurer, John E. Traeger, reported that he had run out of cash to pay city workers and was resorting to warrants which might or might not prove negotiable. Other commercial depositors were instructed that they would receive withdrawn balances in checks marked "payable through the Chicago Clearing House". Correspondent banks drawing upon their Chicago balances would receive drafts that would be handled in the same way. Even though limited by withdrawal restrictions, account holders in savings banks could also take certified checks on their deposits in lieu of cash for specific expenditures. Finally, bankers remained willing to pay out cash on a case by case basis if customers could demonstrate sufficient need. As Forgan put it, "we won't see anyone get 'stuck' for want of cash, but on the other hand we don't want people to 'stick' us by withdrawing their money without sufficient warrant therefor."

The banks' action gained the broad support of the business community, which was reinforced by the fact that David R. Forgan, James' own brother, was both head of the Chicago Association of Commerce and president of the National City Bank. In addition to restricting payments, the banks took two further steps to bolster their position. First, they sought to engage gold imports from London. James Forgan announced that the First National would draw \$2

million from there, while Mitchell arranged \$1 million for the Illinois Trust and Savings; by the end of the panic, total gold imports by Chicago institutions would amount to \$20 million, or about one-fifth of the total gold imports into the United States. Second, eight national banks sought to expand their banknote circulations by some \$5 million. Under normal circumstances, this was a cumbersome and unprofitable procedure, since it involved procuring expensive federal government bonds that had to be deposited with the Comptroller of the Currency as backing for the notes. Banks holding federal government deposits were also obliged to post the equivalent in bonds as collateral. Seeking to expand the supply of eligible bonds, the U.S. Treasury allowed banks to swap these federal bonds for municipal and railroad bonds; the federal bonds thus freed would then become the basis for further issues of banknotes. The fresh banknotes, however, would only become available by mid-month at the earliest.

At the beginning of November, then, Chicago's financial community had responded to the panic with a number of measures. It had issued clearinghouse certificates, suspended currency shipments to its correspondent banks, drawn gold from abroad, and endeavored to expand the national banknote circulation. While this was the same mix of measures taken by New York City banks, the historian of Chicago banking, F. Cyril James, considered the payments suspension during early November to be a failure of leadership and Forgan's weakest moment in the crisis. The correspondent banking business was more important for Chicago than it was for New York, and it was Chicago's particular responsibility, James argued, to carry the interior banks.

Chicago businesses were broadly supportive of these moves, though it remained as yet unclear how easy it would be for employers to meet payrolls using checks alone. Calls grew louder for the banks to create some sort of emergency scrip to meet these needs. Indeed, Samuel Insull's Commonwealth Edison had already gone ahead and created its own private currency in denominations of \$5, \$10, and \$20. For a given \$100 payment, employees received \$20 in cash and the rest in a mix of the round-denomination checks whose negotiability for rent and groceries was enhanced by the fact that they could in turn be used by retailers to pay their electricity bills. The Chicago Coal Operators Association adopted a similar practice.



The Chicago Clearing House Committee during the Panic of 1907. From the left: Orson Smith (Merchants Loan and Trust); John J. Mitchell (Illinois Trust and Savings); Ernest A. Hamill (Corn Exchange National); James B. Forgan (First National); George M. Reynolds (Continental National); and Byron L. Smith (Northern Trust).

November 4: Pressure for Bank Scrip Mounts

As the currency shortage began to bite, Cook County Treasurer John R. Thompson and five hundred other prominent citizens delivered their petition on November 4 to James Forgan as chairman of the Chicago Clearing House Committee, calling upon that body to issue some medium that would allow large businesses and local governments to meet their payrolls:

Whereas, the commercial situation in our city is such that it is difficult to get sufficient currency to meet pay rolls and provide for such transactions as necessitate cash; and

Whereas, this condition, if continued for any great length of time, would work untold hardship upon the entire community; and

Whereas, your committee represents hundreds of millions of dollars in valuable securities; and

Whereas, we have the utmost confidence in the integrity and ability of your committee to properly handle the situation,

Therefore, we, the undersigned citizens of Chicago, respectfully urge upon your committee to issue at once asset currency—bills in denominations of \$5, \$2, and \$1—and pledge the securities which are accepted by your committee, reserving sufficient margin to safely secure such currency.

Within the Clearing House Committee there was some resistance to the idea of issuing an emergency medium, in part because their very use might erode public confidence that things were returning to normal. Forgan in particular took issue with the phrase “asset currency”, which for him raised a legal red flag. In the financial parlance of the time, “asset currency” referred to a set of reform proposals that sought to give banks greater flexibility in expanding their note issues. Proponents saw this as preferable to creating a central bank that would be controlled either by the government or by New York bankers. In 1906 Forgan himself had served on the Currency Commission of the American Bankers Association, where he represented the outlook of Midwestern bankers hostile to the concentration of financial power that a central bank would make possible. Indeed, Forgan’s views on currency were quite traditional. An exponent of the old Banking School perspective, Forgan held that a circulating medium issued against the proper short-term assets was inherently non-inflationary, and that active monetary management by a central bank was unnecessary.

However sympathetic he might have been towards the proposal, Forgan was firm about its illegality: “The law will not permit the issue of ‘asset certificates.’” Nor did Forgan think that small-denomination notes could be construed as a simple issue of clearing house certificates in new amounts. “That in effect...would be doing just what we cannot do, in fact, the issuing of ‘asset currency’.” Forgan was adamant that clearing house certificates could only function as a means of interbank settlements. On the other hand, he conceded, if individual banks were to issue cashiers’ checks that were liabilities of the banks, and not of the CCHA, then that would fall within the law. After all, banks were already doing this on behalf of specific customers who, once they endorsed their checks, would put them into circulation. A bank-sponsored circulating check plan would work in the following way. When one clearinghouse bank sought to deliver a clearinghouse certificate to another to settle a balance, the receiving bank might elect to turn over the certificate to the clearinghouse manager and accept instead small cashiers’ checks issued in various amounts to the value of the certificate. The checks, payable to the receiving bank or to bearer, would then be useful as circulation and would have the same collateral banking enjoyed by the big clearinghouse certificates.

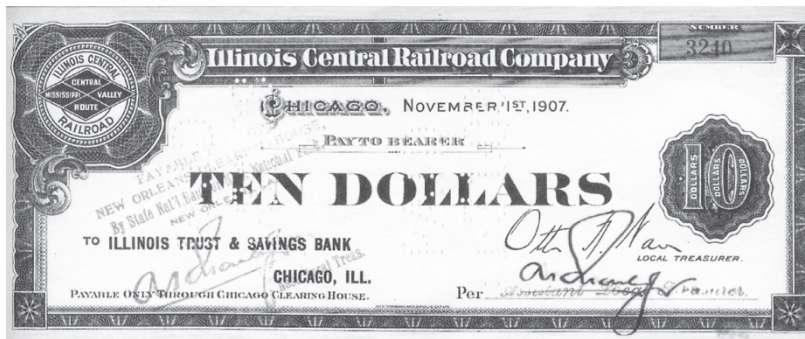
Despite the bankers’ demurral, County Treasurer Thompson continued pressing them to consider a check plan, modifying the language of his petition to get rid of the “asset currency” reference in favor of “medium of exchange”. Thompson found that meeting payrolls with checks had been inconvenient for his employees, since many of the checks couldn’t be subsequently cashed. Had they been issued in round amounts, the checks themselves might have been negotiable. Behind Thompson was a growing number of State Street merchants, including such prominent retailers as Marshall Fields and Carson Pirie Scott, in support of an emergency issue. Meeting on November 6, the CCHA agreed in principle with a check issue, but left it up to the Clearing House Committee to work out the details.

On November 9, the heads of railroad companies joined with merchants at the offices of the Chicago, Rock Island and Pacific to amplify their call for checks. David Forgan, representing the interests of 2,500 merchants in the Chicago Association of Commerce, wanted an issue as soon as possible. The need for checks was explained with reference to the reduced daily clearings through Chicago banks, which had fallen from \$46 to \$34 million, compared to the last

week of October. Businesses reported reduced traffic, and with the holiday season looming retailers in particular feared a crimp in sales due to a lack of cash. Even though railroads like the Illinois Central were already using their own scrip, the proliferation of checks issued by different firms was resisted by their workers. In addition to their own payroll needs, railroads also viewed clearinghouse checks as a stimulus to the movement of crops, which they hoped would reverse the decline in grain shipments that had occurred the previous week. While farmers and grain dealers would not take checks drawn on local interior banks for their produce, scrip backed by the Chicago banks was acceptable. The Chicago Tribune defended the safety of the proposed checks by pointing out that what was good for the banks would be just as good for the population at large:

Chicago business is suffering greatly for lack of such small checks of accepted value...At present a great many firms are issuing different kinds of checks, and these are beginning to cause confusion and much inconvenience. The clearing house checks will be engraved, and have about them all the safeguards against counterfeiting that ordinary paper currency has. They should be everywhere welcomed, and the banks can provide no better service to the business interests of Chicago than by issuing such checks as soon as possible.

For their part, major labor groups like the Chicago Federation of Labor and the Brotherhood of Railway Trainmen supported checks, as long as employers made it clear to small retailers that these should be accepted as cash. Attitudes among the rank and file were much more hostile towards checks. At a district council meeting, the Carpenters' Union voted against the use of checks and called for a return to cash payments. Workers expressed their ire through direct action. Six thousand miners near Danville, Illinois, went on strike when their employer paid them in checks instead of cash. Workers on the Wabash line threatened to strike when banks in Decatur, Illinois refused to cash their pay checks. After a saloonkeeper in Steubenville, Ohio, refused to cash scrip paid to workers from the Carnegie Steel plant, a riot ensued which destroyed the establishment and left two workers dead. A similar squabble over a \$5 certificate in a Cleveland saloon led to the murder of a railroad fireman.



A \$10 check issued by the Illinois Central Railroad. (image courtesy of Doug Corrigan)

Such tragedies underscored how the panic-induced shortage of cash had disrupted the significant role that the saloon played in urban workingmen's finances. In normal times, saloons stood ready to cash payroll checks, typically with funds provided by the brewers precisely for that purpose, expecting that grateful workers would spend some of their earnings on drink. Temperance activists of course deplored this as an incitement to drunkenness and financial recklessness, but in a city like Chicago the saloon was deeply woven into the fabric of everyday life, especially in immigrant communities. With banks located in a distant downtown and open during hours inaccessible to working people, the neighborhood saloons' readiness to cash pay checks represented a genuine public benefit. For example, one establishment alone, near the Union Stockyards, processed over \$40,000 in workers' checks each month. Municipal

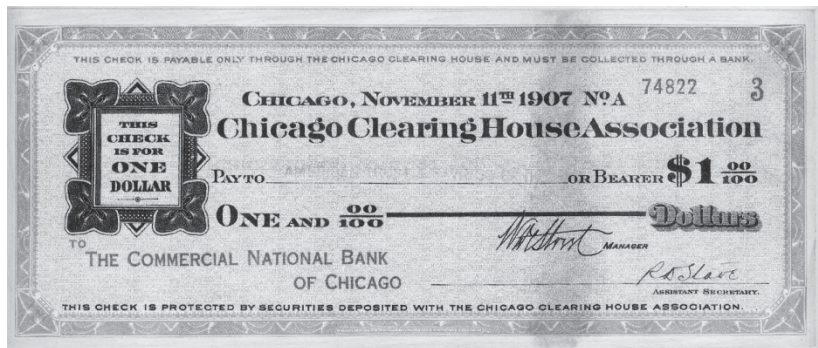
employees as well relied upon the saloon's financial services. Lacking access to funds because of the banks' payments restrictions, brewers could no longer finance the saloons, which could no longer cash their clientele's checks. The result was not merely inconvenient, but completely disorganizing for working-class finances.

Even as the CCHA put off issuing checks, its leaders touted the confidence-building effects of large gold shipments. With the arrival of the *Lusitania* in New York City carrying gold for the First National, its deposit with the New York subtreasury enabled the release of an equivalent amount in Chicago. On November 12, Chicago bystanders witnessed the public spectacle of nearly \$3 million in gold coin being transferred over city streets to the vaults of the First National Bank. Crowds gathered outside the subtreasury watched as 600 sacks of gold weighing some 12,000 pounds were loaded into express wagons under armed police guard. An additional \$500,000 was delivered in the same way to the Illinois Trust and Savings Bank, with President Mitchell promising further imports.

November 14: Clearinghouse Checks Appear

It was not until November 14 that the Chicago banks finally gave in and approved the issue of checks in small denominations. Acknowledging the force of concerns that large numbers of payroll checks weren't easily negotiable, the CCHA agreed to issue uniface scrip in denominations from one to ten dollars. Produced by the Western Bank Note Co, the \$1 would

A \$1 Clearinghouse check issued on the Commercial National Bank of Chicago. (Image courtesy of Doug Corrigan).



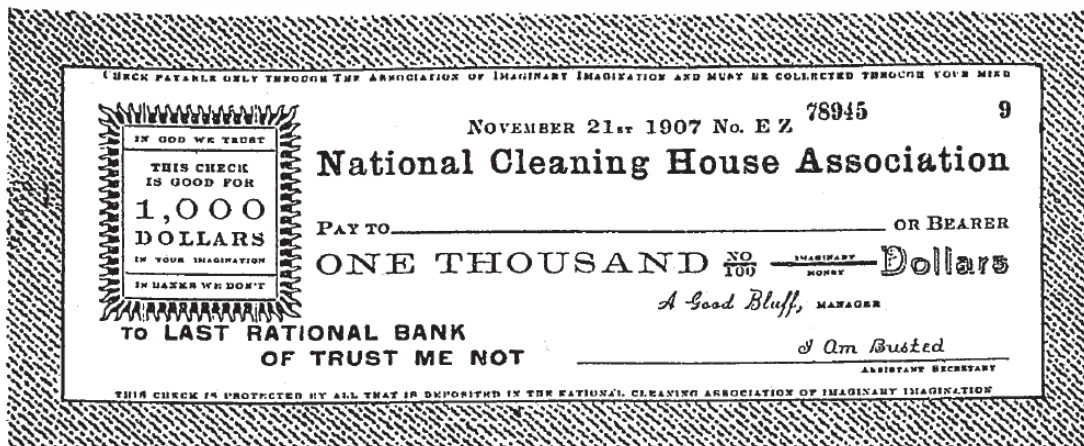
be blue; the \$2 yellow; the \$5 green; and the \$10 purple. Apart from the differences in color and denomination, the differences between the issues were minimal. The checks would be drawn on only four of the clearinghouse banks: the First National, the Corn Exchange National, the Continental National, and the Commercial National. Any bank wishing checks would present a clearinghouse certificate to the manager of the CCHA, who would then draw small checks against one of the four banks to the equivalent amount. Banks would then deliver the checks to establishments with large payrolls; when spent, the checks would return to the banks as deposits from retailers. In his memoirs, Forgan credited the details of the plan to Byron L. Smith of the Northern Trust Company. The next day, the first \$260,000 worth of checks arrived at the Clearing House, where the onerous task began of getting each check signed by an officer of the each of the four issuing banks. By the end of that week the first batch had been snapped up by local businessmen, and on Saturday alone a further \$1,325,000 were issued, almost exclusively for large payrolls. The four assistant secretaries worked into Saturday evening and Sunday signing an additional \$2 million in checks.

Although the likely volume of clearing house checks was far smaller than the value of gold imports or even the additional supplies of national banknotes, the widespread appearance of checks by Monday of the third week of November decisively changed the psychology of the panic in Chicago. The premium charged for currency shrank immediately, and with local circulation assured, Chicago banks stepped up shipments to the interior. Demand for the checks flowed not just from Chicago and its environs but even from adjoining states. For example, one businessman requested \$120,000 in order to meet a payroll in the copper country of northern

Michigan. Banks in Huntington, Indiana, engaged the import of Chicago clearinghouse checks in order to make the latest payroll for the Erie line. An initial \$14 million in checks had been ordered from all sources, and it was thought that final demand might reach \$30 million. What remained unclear, however, was to what extent the sheer presence of checks would lessen the hoarding of regular currency, thus reducing the need for checks in the first place.

As Chicago's clearinghouse check plan unfolded, a few wrinkles became apparent. At first, too many \$10 checks were produced, leaving businesses in the awkward position of having to pay out too many small bills in change; the output of \$1 and \$2 checks was accordingly increased. By mid-week the printing of further clearing house checks was temporarily suspended, as the paper supply had run out. The CCHA battled unfounded rumors that its checks were being counterfeited in large numbers (later in December, one William Tersnow, aged 27, was arrested for attempting to pass a \$1 check raised to a \$10). More problematic was the stance of the Chicago Brewers Association, which initially told saloon keepers not to accept clearinghouse checks without knowing the presenter, and demanding an endorsement. After the CCHA objected the association reversed itself and advised saloons to accept the checks just as they would cash. By the end of the first week of their issue, clearinghouse checks in excess of \$5 million were in circulation. The CCHA streamlined the issuing process by creating a special application form that allowed employers with large payroll needs to purchase the checks directly from the issuing banks, paying with the firms' own certified checks.

Yet another complication was the emergence, in late November, of a rash of so-called "burlesque checks." These were parodies of the CCHA's checks that sought to make political or humorous commentary about the circumstances of the financial panic.



Facsimile of a
"Burlesque"
check.

The Chicago Daily Socialist, a newspaper, printed its own parody checks as advertisements, "endorsed by workers." Other examples purported to be issues of the "National Cleaning House Association", the "Bankers' Dream Association", and the "American Lemon House Association." These varieties were printed in blue with the same box on the left side as a genuine \$1 check, but sported instead such phrases as "Free pass good at any depot to watch the trains pull out"; "In God we trust; in banks we bust"; and "This check is good for \$1,000 in your imagination." Red type along the border of such a note would read, "check payable only through the association of imaginary imagination, and must be collected through your mind." Such notes were drawn on the "Universal Bunco Bank of America" or the "Last Rational Bank of America."

Many of these burlesque checks were produced by the Coh Spring Card Company and the Hight Manufacturing Company, both located at the same address on South Cottage Grove Avenue. Their parodies were being sold as souvenirs by drug stores. Alas, given the seriousness of the circumstances, there was little mood for satire if these issues at all confused

people, especially when a few samples were actually used in commerce. While not counterfeits, Forgan asked Chicago's Mayor Fred Busse to suppress them, and through a lawyer their producers agreed to desist without admitting any wrongdoing.

Conclusion: Retiring the Checks

By the fourth week of November, James B. Forgan felt confident enough about the situation to send out a circular to thousands of western bankers, inquiring about the prospects of resuming unrestricted payments. The results were sufficiently encouraging that Chicago bankers began winding down the measures undertaken to combat the panic. After December 3 no new clearinghouse checks were issued and the Western Bank Note Company was instructed to cease printing them. Issues of clearinghouse certificates peaked at \$38,285,000. As of early December a total of \$12,234,000 in clearinghouse checks had been printed, while the amount actually put in circulation amounted to \$7,080,000 (some accounts give slightly higher figures), and these amounts contracted as conditions improved. Forgan later claimed that only \$7,885 of the checks were never presented for redemption. On January 18, 1908, the CCHA officially announced the retirement of both certificates and checks.

In the historian F. Cyril James' judgment, after some hesitation Chicago bankers, led by Forgan and Mitchell, successfully navigated the crisis. Unlike New York City, no bank runs occurred, and only one small suburban institution failed. As the second reserve city, Chicago balanced conflicting demands from New York, from the interior banks that Chicago served, and from local commercial interests starved by the currency famine. It was a mark of the city's financial resilience that, unlike the third reserve city St. Louis, the price of New York funds in the Chicago market never rose to more than a slight premium. Still, as in 1893 Chicago bankers in 1907 resisted bold action. It was only after sustained pressure from commercial and industrial interests that the CCHA relented and issued clearinghouse checks. Once these were a part of the local circulation, currency shortages abated and the banks were better able to meet their commitments to interior banks. By the end of November the resumption of unrestricted payments became a mere formality, with most of the nation waiting to follow the lead of New York City. The Chicago bankers' hesitation in accommodating local commerce did engender some ill will: for a brief period in early 1908 the Chicago Credit Men's Association entertained the idea of setting up a commercial clearing house that would enable businesses to settle balances with each other without the need for banks.

In altered form, Chicago's clearinghouse checks did enjoy second lives. The following spring, the First National Bank issued its quarterly statement using paper manufactured from the pulped residues of the checks, quite likely sourced from the Chicago Coated Board Company, which also put out a souvenir cardboard plaque made of the same residues.

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The Chicago Tribune, various dates.

Small Notes

by Jamie Yakes

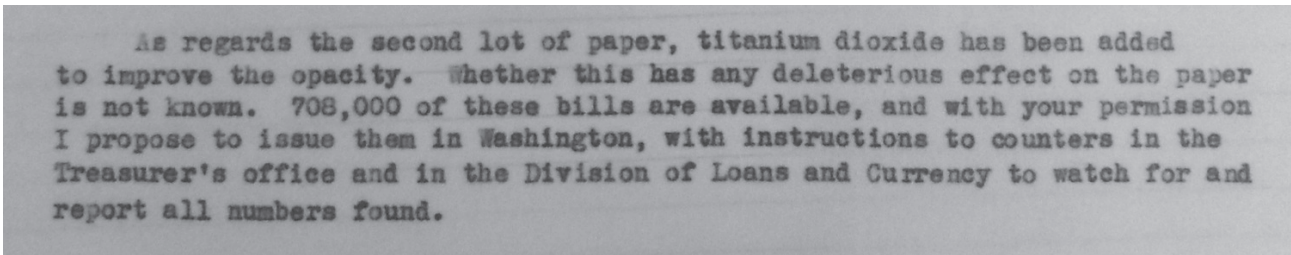
Titanium Dioxide \$1 Experimentals

The Treasury Department conducted numerous experiments on different currency papers in the 1930s. Well-known are the Series of 1928 X-Y-Z and Series of 1935 A-B-C \$1 silver certificate experimentals.

Two other tests conducted mid-decade utilized Series of 1935 \$1 silver certificates printed on two distinctive lots of currency paper manufactured with titanium dioxide as an additive. Both paper lots were numbered and presumably circulated to study the durability of using such paper.

Titanium dioxide is a common salt composed of titanium and oxygen, with many industrial uses. Because it strongly diffracts light, it is frequently used as a white pigment in common items such as toothpaste, paints, and sunscreen. When added to paper pulp it increases the paper's opacity, which minimizes the interferences caused by the designs on one side of the paper showing through the other side.

Documents dated prior to the Treasury's experimenting with titanium dioxide paper expressed treasury officials' concern about the transparency of the "thin" currency paper then in use. The intaglio designs often showed through to the other side, which detracted from the aesthetic quality of the notes.



As regards the second lot of paper, titanium dioxide has been added to improve the opacity. Whether this has any deleterious effect on the paper is not known. 708,000 of these bills are available, and with your permission I propose to issue them in Washington, with instructions to counters in the Treasurer's office and in the Division of Loans and Currency to watch for and report all numbers found.

Excerpt from the 1937 Treasury Document discussing the issue of \$1 notes containing titanium dioxide.

To hopefully resolve the problem Treasury officials requested their supplier, Crane & Co., to deliver two special lots of currency paper prepared with varying amounts of titanium dioxide.

The Treasury conducted the tests during 1936-37. The first lot of paper contained 2% titanium dioxide. The Bureau of Engraving and Printing numbered those notes with serial numbers B84840001A-B85632000A in May-July 1936.

The second lot contained 1% titanium dioxide, and the Bureau numbered those with serials F71100001A-F71808000A from December 1936-March 1937.

The Treasurer accepted the B-A notes on July 22, 1936, and the F-A notes the following year from March 10-16. No records exist of how the B-A notes were distributed, but there is a detailed record of where the F-A notes went.

Of those, the Treasurer shipped serials F71100001A-F71328000A to the St. Louis Federal Reserve Bank; F71328001A-F71428000A to the branch reserve bank in Louisville, Kentucky; F71428001A-F71628000A to the branch at Memphis, Tennessee; and F71628001A-F71808000A to banks locally in Washington, D.C.

Shipping of the notes to reserve banks, at least in the case of the F-As, was a positive sign they were circulated. Unfortunately, I've located nothing to indicate the outcome of either experiment, or whether titanium oxide became a normal additive to currency paper. The Treasury files have yet to reveal that answer.

I've searched for notes from both blocks, including doing an exhaustive search of Heritage's auction archives, but have found none. If you find one, I'd like to know. Send me an email at fivedollarguy@optonline.net.

Acknowledgments

The Professional Currency Dealers Association and the Society of Paper Money Collectors supported this research.

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U n c o u p l e d :



Paper Money's **Odd Couple**

Banknote Companies



Joseph E. Boling

This issue we start a series on bank note printers (Fred's side) and the technology they used (my side). He's starting with one of his favorite security printers, even though they did relatively little bank note work—the E. A. Wright Bank Note Company of Philadelphia.

E. A. Wright was a full-line printer with both capability and capacity. In the security printing line, they produced stamps and stock certificates; other divisions produced no end of other forms, documents, and tickets. The company missed the obsolete note period in U.S. banking, and was also too late to get a foot in the door printing U.S. paper money (back when commercial printers did that work).

It was not until WWII that E. A. Wright was called upon to print paper money. We don't know whether the exigencies of scheduling or the stinginess of the customers drove the decisions about quality, but intaglio printing was not used by this firm for any of its notes. That leaves two principal choices—letterpress or lithography. That's what I will talk about this issue.

Letterpress is among the oldest forms of printing. Think "rubber stamp." A raised element shaped in a mirror image of the desired printed design is inked and pressed to the paper or other material that is being printed upon. Or the printing element can be locked into a form and the paper brought

Boling continued on page 351.

Fred Schwan

I like bank note companies. They are, after all, the source of the objects of our desire. The heyday of the private bank note companies has passed, but that does not mean that we cannot study—and collect—the history and artifacts of the companies.

From our current perspective it is difficult to comprehend the many companies that have operated in the United States. I believe that there must have been more than a hundred bank note companies. Of course, it depends on how you define a bank note company.

As obvious as it seems that a firm must have printed bank notes to be a bank note company, it is unfortunately not that simple. Take my favorite company, E. A. Wright Bank Note Company, for example. The firm was established *ca.* 1871, but did not produce its first real bank notes until 1942. The company printed some depression scrip in the 1930s. Did that qualify the firm as a bank note company?

The bottom line is that a firm can call itself just about anything that it wants. On a more philosophical level, it seems that the most common denominator of bank note companies in the 19th and 20th centuries is that they printed intaglio products. There is a final twist. When the Wright company finally printed some actual bank notes, the notes were printed by lithography!

I got interested in the E. A. Wright Bank Note Company in 1973 while working with Ray Toy on the fourth edition

of his *World War II Allied Military Currency*. Some notes (twenty one to be exact, but who is counting?) were listed as being printed by the firm. Furthermore, most of the descriptions were very inadequate and I had seen only a few of the most common issues.

I went on a rampage to find all of the notes. I especially needed to at least see an example of each for cataloging purposes, but you can be sure that I lusted to own an example of each. Ultimately, I accomplished both goals, but along the way, as you can imagine, my desires expanded even more. I collected stock certificates, letterheads, diplomas (Wright had a large diploma business and I have quite a few!), postage stamps and more. Anything printed by the Wright firm had a place in my collection.

Here is how crazy I can get. I found a Wright ticket to a national political convention. From there I started collecting tickets to all political conventions. Sometimes there is just no end—more on that later.

I started researching the company. Rather quickly I learned that it was out of business. After the 1976 American Numismatic Association convention in New York City, Judy and I went to Philadelphia to look around. Eventually I showed up at the sales office of the American Bank Note Company, based on the listing in the telephone book. It was an office in a big building. No sign on the door and no answer to a knock thereon. No answer that is until the third time that I went back. Finally, the ABNC salesman came to the door.

I was excited. He was not. Customers do not show up at the doors of bank note company salesmen. Eventually, he both understood my mission and believed me, too (the necessary combination)! That was the moment that changed my luck.

You probably will not believe this, but the salesman had started out in the industry with the Wright firm! Unfortunately, he did not work there long before the company closed its doors. The salesman gave me the contact information for the fellow (I am very sorry that I do not remember the name) for whom he had worked and told me that that fellow knew how to contact Mr. Wright! Well, the other man was on vacation, but after a few weeks I was able to talk with him. He gave me the address for E. A. Wright III and in short order I was in contact with Mr. Wright.

Ultimately, I was able to visit him at his retirement home in Florida. He was the grandson of the founder, and the president of the firm when it closed. It was a wonderful visit. He gave me an outline of the company history (*ca.* 1872-1964) and some photographs. As for all of those specimens of the World War II notes that I was just certain that he would have, he had none. He had a few pieces of intaglio stationery, but that was all in the way of artifacts.

Mr. Wright had been with the company during the war, but he worked in a different division and was only vaguely aware of the big bank note orders. In another irony, he had worked in the intaglio (stationery) division, but as previously stated, these notes were lithographed. Still, I was thrilled with the results of the visit. I turned the story into an article for the *Bank Note Reporter*. Then in 1978 I put the story together with the images of all of the notes and published a pamphlet, *The Paper Money of the E. A. Wright Bank Note Company*. It is hard for me to believe, but this book is now hard to locate and in demand.



**French West
Africa 5 fr
autographed
by E.A. Wright.**

When we published that pamphlet (I called it a monograph) I sent out a news release stating that we would produce such publications on a recurring basis, and in particular I planned to do a series of them on bank note companies. It sounded wonderful. The first monograph was in 1978, the second was in 2011, and the second on a bank note company (Forbes Lithograph) was in 2014! Everyone knows that I am a bit unreliable in regard to deadlines, but even for me this is an extreme.

I would like to go on and retell the Wright story, but I will not. I hope that you have a copy of the monograph, or will find one. It is available for loan from the ANA library.

Instead I want to share some spin-off information that I have not previously written about, but first one more thing. I would like to do a second edition of the Wright history and have even worked on it from time to time. That is not likely to happen soon (but hopefully in less than forty years). If you have any Wright information I would be happy to hear about it in pursuit of this idea (dream?).

Now for the new information. Mr. Wright told me that his firm had purchased the Central Banknote Company (CBNC) in about 1940. That tidbit started me on a slow search for CBNC items. Wright company stock certificates and the like are easy compared to Central stuff. (Central used both “Banknote” and “Bank Note” in their imprints; for the material discussed below, they used the one-word form, which is how I will refer to them here.)

Hessler (in the very excellent and highly recommended *The Engraver’s Line*) states that Central Banknote Company was formed in 1919 or 1920 by Fred Esty. I have never found anything approaching bank note status that was printed by the firm. In fact, I cannot remember finding anything from CBNC other than stock certificates (hint, hint, do you have or know of anything?). Fred Esty stayed in the security industry long after the sale of Central Banknote Company.

Then I hit the jackpot. I would like to say that it was recently, but it was actually at least ten years ago that I found a specimen book of Central Banknote Company stock certificates! The book has well over 100 stock certificates that were printed by the firm! It is a wealth of information and a thing of beauty.

Here is another confession. Remember the political ticket story? Well, my favorite category of stock certificates is certificates on the bank note companies themselves. The American Bank Note Company certificates are the best known example. I have never seen a Wright certificate, but this specimen book has a Central certificate! If there had been any chance that I would have passed up this specimen book, that chance evaporated (more like exploded) when I found that certificate in the book. I am proud to show it to you here (and you can see that they called themselves “Banknote” rather than “Bank Note” on this significant certificate).

In the formerly competitive world of bank note companies, it was not unusual for corporate customers to change from one printer (bank note company) to another. Certificate pairs showing such changes are an interesting little collecting challenge. I call these “jump over pairs” because the customer “jumped” from one company to another.

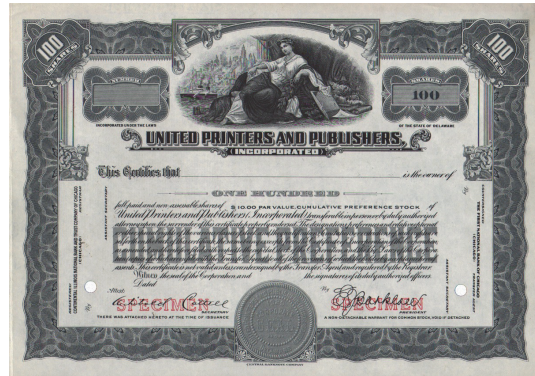


Central Banknote Company stock certificate

This distinction is important (or at least interesting) because there is another category. This is where a customer's stock certificate was printed by a new firm because the original firm had been taken over by the new firm. I call these "changeover pairs."

One of the significant differences between these pairs is that changeover pairs usually have the same designs and vignettes. Such duplication was generally not possible with jump over pairs because the first bank note company retained the original production materials and usually owned copyrights on the art.

The example from a changeover pair that I have to show you is on United Printers and Publishers, Inc. This is a very common Wright certificate—not so much as a Central certificate (with only the imprint changed—cherry pickers, take note). Of course I am also attracted to the name of the company. It was not a security printer, but still it entices me. You know how easily I get distracted!



United Printers and Publishers Certificate

Boling Continued:

to and pressed against it—same effect. The printing element can be any material that can be carved or cast into the shape of the desired image—wood, bone, cork, ivory, and even hands have been used since pre-history, and in more recent times linoleum, rubber, and of course—metal. Another term for letterpress is “relief” printing—the design to be printed is formed in relief against a bed lower than the printing surface.

So what happens when an element in relief is inked and pressed to paper? If the ink is applied sparingly and the press is set up just right, the inked element touches the paper lightly and the design is transferred. If the paper is rough or the touch is too light, portions of the design may not get printed—leaving what I call “dropouts.” If a lot of ink is used, or the press is set up to apply a more firm impression, some ink will be pushed to the edges of the raised (inked) element, leaving small (or even conspicuous) ridges of ink at the margins of the design (and few or no dropouts). The presence of those ridges is the trademark of letterpress printing.

In figure 1 you can see the ridges of ink at the tops of the strokes on the numerals in a serial number. In figure 2, in the serial number on the opposite end of the same note, you can see many dropouts (even though a few ink ridges are still visible). If you suspect that a printing sample may be letterpress and you don't see the ridges, look for the dropouts—they are complementary.



Figure 1



Figure 2

On modern notes, serials and seals are usually the only elements printed using letterpress. In olden days, whole notes may have been printed that way. A good place to look for the ridges is along straight lines and in corners where lines meet. Figure 3 shows a Brazilian note printed in Italy a century ago (SCWPM #35). You can see the ridges along both sides of the two frame lines at the right. This note is 100% letterpress.

Figure 3



But even in modern times, notes printed in France using the so-called “polychrome” method were a combination of letterpress and intaglio (which we won’t cover this month). Printing complex designs in multiple colors by letterpress demands extremely high precision of alignment, as generally every color requires a separate plate and potentially a separate pass through the press (or successive printing at multiple print stations in a large press). That is very hard to do. Figure 4 shows such precision alignment on the back of a

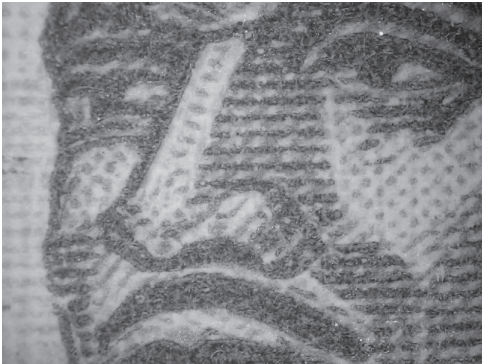


Figure 4

Moroccan note printed in four colors—dark blue, light blue, and red all play major parts in this face, while yellow contributes to the background without having to be perfectly registered. You see neither ridges nor dropouts on this particular part of the note (measuring about 6x8mm on the paper); you have to look elsewhere on the note to find the fingerprints of letterpress printing. The French printers were very good.

If the letterpress printer applies too much pressure to the inked type (perhaps in an effort to prevent dropouts), embossing occurs—the relief elements bearing the ink will try to push right through the paper when type and paper meet. That can be visible on the back of the printed sheet, and can be even more easily detected by running a finger lightly across the back opposite the printed design. Third party graders and auction lot describers love embossing.

Let’s get back to E. A. Wright. They were contracted to print notes for four French colonies and a protectorate—French Guiana, Martinique, and Guadeloupe in the western hemisphere, and French West Africa and Morocco in Africa. The colonies were under the control of the Free French, and Morocco was liberated during Operation Torch in November 1942. E. A. Wright chose (or was directed) to use lithography for these contracts. The only portions of the notes using letterpress were the serials and blocks, and the signatures for some of the issues.

Lithography is also known as planographic printing—everything (both printing and non-printing portions of the printing plate) is in the same plane. This is managed by treating the printing plate so that only the design elements will accept and retain ink; the rest of the plate will not, so when an inking roller or other device for applying ink passes over the plate, only the parts intended to print will be inked. This was originally accomplished by using oily inks and treating the plate so that the non-printing portions would be wet with water, which would not accept the oil. I’m sure today there are more sophisticated chemical means of keeping the non-printing parts clean while the design elements accept and transfer the ink.

The appearance under magnification is of an almost perfectly flat surface, colored where the ink lies and white elsewhere (or whatever color the paper is). This flat image is even more apparent if offset lithography is used. In offset work, the image is first printed on a rubber blanket or cylinder, which then is brought to the paper. The ink is transferred to the blanket first, then transferred a second time to the paper. One advantage of this technique is that the

artist preparing the plate can work in direct image, rather than mirror image. The first transfer results in a reversed image on the transfer medium; the second transfer restores it to a direct image on the printed product. Figure 5 shows a portion of a Wright-printed note with many parallel straight lines—with not a hint of an ink ridge or a dropout in sight. In contrast to the

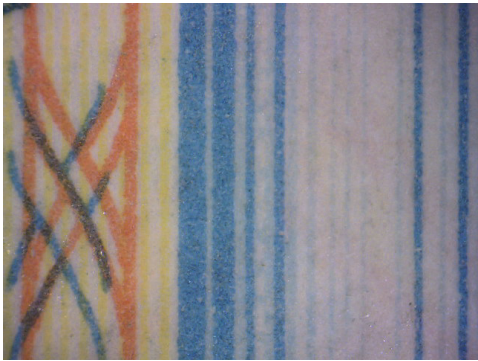


Figure 5

note seen in figure 4, which looks lithographed in that smaller-than-thumb-nail-sized rectangle, no letterpress fingerprints can be found anywhere on the Wright note (except for the serial numbers and blocks).

Beware—if direct plate lithography is used (rather than offset lithography), so much ink can be transferred that it looks like some process other than lithography—such as shallow intaglio, or over inked but just-lightly-touched letterpress. Why is it important to be able to identify the printing technology used? Because counterfeiters frequently use a technique other than the original. If you know what the original technology was, and what it looks like at 20x, you are well on your way to being able to separate spurious pieces from genuine.

We will take up intaglio printing (engraved plates, recess printing) next issue.

ATTENTION. After submitting this column for publication, we have found that E. A. Wright Bank Note Company did print some intaglio notes for their Caribbean customers. We will have more on that next issue.

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Early National Bank Charters Still Surviving

by Karl Sanford Kabelac

A decade ago I published an article in Paper Money (May/June 2004, p. 204 and following), entitled "Henry Wells' Bank, The FNB of Aurora, NY". It was about the bank (charter number 412), its officers through 1935, and its national bank notes.

This spring, the bank celebrated its 150th birthday with several public events and a published history. Today it has two offices, the original one in the little cut-stone building which has been the Aurora office since its opening in 1864, and a larger main office in



Union Springs, first opened in 1960 and enlarged several times. Both communities are on the eastern shore of Cayuga Lake in the Finger Lakes Region of Central New York. In 1976 the bank changed its name to Cayuga Lake National Bank.

Title page of the recent history of the bank. The stone building, with Cayuga Lake in the background, is the original office opened in 1864 and in use since then. The other building is the office in Union Springs, opened in 1960 and enlarged several times.

I became curious as to how many early charters survive, and an inquiry to the Office of the Comptroller of the Currency quickly brought a very informative answer - 15 charters before 412. With their permission, the list appears with this article.

In perusing the list there is a very interesting coincidence. One of the points of my 2004 article was that the bank's first president was Henry Wells, founder of American Express, Wells Fargo, and Wells College. One might have thought that he probably lived in California, but he spent the last several decades of his life in the tiny village of Aurora in Central New York. In perusing the current list, I see that Charter Number 1 still survives. After various mergers and takeovers, it is held by Wells Fargo Bank, the descendant of the express company founded by Henry Wells in the 1850s.

As of April 30, 2014, fifteen active national banks (below) hold lower charters than the Cayuga Lake National Bank (#412). These banks were founded in 1863 and 1864. All other charters less than #412 are inactive.

- (Charter #1) Wells Fargo Bank, National Association (headquartered in Sioux Falls, South Dakota) holds charter #1 today. The original #1 was held by the First National Bank of Philadelphia (Pennsylvania), chartered in 1863.
- (#8) JPMorgan Chase (Columbus, Ohio). The first charter #8 was the First National Bank of Chicago (Illinois).
- (#24) U.S. Bank National Association (Cincinnati, Ohio). First National Bank of Cincinnati was the first #24.
- (#46) First National Bank of McConnelsville (Ohio). The name and charter have not changed since the bank opened its doors in 1863.
- (#47) First Financial Bank, National Association (Terre Haute, Indiana). The first #47 was called First National Bank of Terre Haute.
- (#56) First Financial Bank, National Association (Hamilton, Ohio). The first #56 was the First National Bank of Hamilton (Ohio).
- (#86) The First National Bank of Germantown (Ohio). Same name as when chartered in 1863.
- (#182) Exchange National Bank & Trust Company (Atchison, Kansas). Chartered as the First National Bank of Leavenworth (Kansas).
- (#209) First National Bank of Omaha (Nebraska). Same as in the bank's founding year of 1864.
- (#228) The First National Bank of Orwell (Vermont). Same as in 1864.
- (#249) The First National Bank of Pennsylvania (Greenville). Founded as First National Bank of West Greenville in 1864.
- (#324) The First National Bank and Trust Company of Newtown (Pennsylvania). Founded as the First National Bank of Newtown in 1864.
- (#325) FNB Bank, National Association (Danville, Pennsylvania). Founded as the First National Bank of Danville in 1864.
- (#336) First Tennessee Bank, National Association (Memphis). Founded as First National Bank of Memphis in 1864.
- (#347) The First National Bank of Lacon (Illinois). Same as when founded in 1864.
- (#412) Cayuga Lake National Bank (Union Springs, New York). Founded as the First National Bank of Aurora (Aurora, New York) in 1864. S

Surviving early national bank charters. U. S. Comptroller of the Currency data.

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The Stack's Bowers Galleries ANA currency auction sold over \$7.5 million in paper money, with strength seen across various genres, including:



DANISH WEST INDIES.
Den Dansk Vestindiske National Bank.
20 Franc, 1905. P-19a. PCGS Very Fine 20
Apparent. Minor Restorations.
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ICELAND. Islands Banki.
50 Kronur, 1904. P-12. PMG Very Fine 25
Net. Minor Rust, Stains.
Realized \$16,450



Lowell, Massachusetts. Prescott Bank, Lowell.
July 2, 1860. \$100. Uncirculated. Proof.
From the Crusader Collection.
Realized \$10,575



Philadelphia, Pennsylvania. Union Bank. ND
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From the Peter Mayer Collection.
Realized \$22,325



Fr. 163. 1880 \$50 Legal Tender Note.
PCGS Gem New 65 PPQ.
Realized \$199,750



Fr. 167b. 1863 \$100 Legal Tender Note.
PCGS Very Fine 25.
Realized \$352,500



Fr. 193a. July 15, 1864 \$100 Compound
Interest Treasury Note. PCGS Very Fine 35
Apparent. Restorations.
Realized \$282,000



Fr. 197. 1863 \$20 Interest Bearing Note.
PCGS Very Fine 35.
Realized \$211,500



Fr. 324c. 1878 \$50 Silver Certificate.
PCGS Very Good 10 Apparent. Restorations.
Realized \$329,000



Fr. 372. 1890 \$20 Treasury Note.
PCGS Gem New 66 PPQ.
Realized \$188,000



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PCGS Extremely Fine 40.
Realized \$411,250



Fr. 1203. 1882 \$100 Gold Certificate.
PCGS Fine 15.
Realized \$470,000



Fr. 2220-J. 1928 \$5000 Federal
Reserve Note. Kansas City.
PCGS Extremely Fine 40.
Realized \$141,000



Fr. 594. Van Nuys, California. \$5 1902 PB.
The First NB. Charter #10168. PMG Very Fine 15.
Realized \$28,200

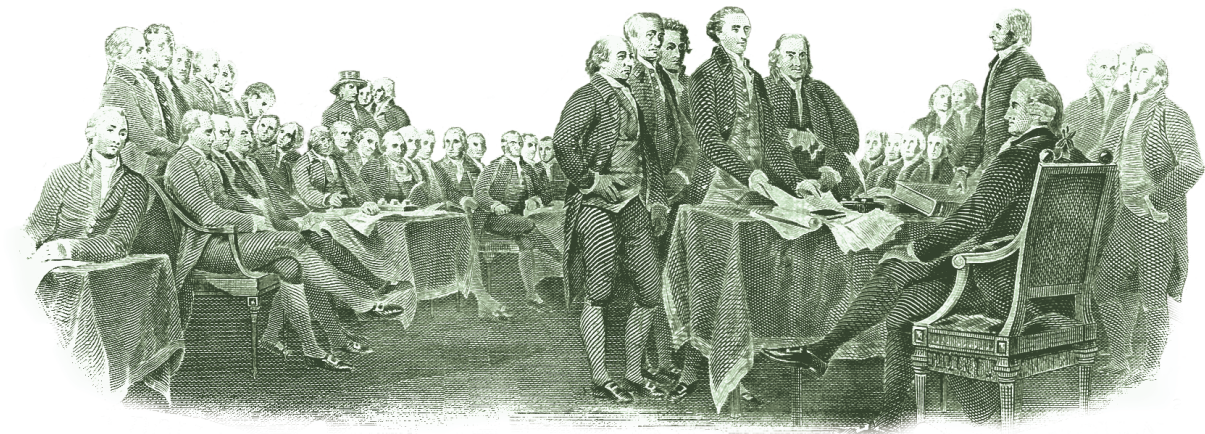
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*The Obsolete Corner***Rarity Plus Beauty Equals Excellence**

by Robert Gill

In this issue of *Paper Money* I'm going to share with you a very rare and beautiful sheet that I have in my large obsolete sheet collection. And that is on the Iron Bank, which was located in Falls Village, Connecticut, during the mid 1800s.

The mid-1800s was a prosperous time in and around the Housatonic Valley. The local residents worked in the ore beds, or the many iron works that were in almost non-stop operation up and down the river; they worked for the railroad, or in any of the countless small businesses and industries that grew up along the frequented transit routes; or they worked the abundant acres of farmland that itself created a profitable industry.

The Iron Bank was established to meet the resulting credit demands and financial needs of the thriving community. In May of 1847 a charter was granted by a Special Act of the General Assembly to establish a bank in Falls Village, Connecticut. The first meeting of the stockholders was called for and held at Hunt's Hotel in Canaan on August 17, after which William H. Walton was chosen as President. Appointed Clerk was Alexander H. Holley, who later became Governor of Connecticut.

The bank opened less than two months later on October 11 with assets of \$193,725. Its seal, the ironworker with his trip hammer, made its first appearance the following month. It was printed on the \$5 and \$10 bills issued by the bank; also issued were \$1, \$2, \$3, and later \$20 bills.

One of the directors' first acts was to appoint a committee to construct a building at Falls Village, its total cost not to exceed \$2,500, including land. This was built, along with a "good, solid privy," with living quarters for the cashiers upstairs. It was their job not only to maintain their customers' funds, but to guard them as well.

Four times yearly, the directors gathered 'round the pot-bellied stove in the office. The sole purpose of these meetings was to record, and to burn, the worn bank currency so new bills could be issued.

In 1864, the National Banking Act was adopted to help finance the war; heavily taxed local currency gave way to a new national currency. Keeping pace with these changes, The Iron Bank became The National Iron Bank of Falls Village on July 5, 1865.

Single notes on this bank are highly sought after by the obsolete collecting / investing community. And to find an uncut sheet has been virtually unheard of until very recent times. This sheet is one that was part of a small group that was surfaced within the last few years. Other than some chipping on the left selvege edge (as seen in the photo) it is in an immaculate state of preservation. And, as most always was the case back then, the American Bank Note Company outdid itself in beautifully printing this sheet with the pinkish tint.

But beauty and rarity are not the only things this sheet has to offer. Just casually looking a person would see the note format of this sheet as a 5-5-5-10, which was a common order for notes to be printed on a sheet back then. But upon close inspection each of the \$5.00 notes has a different central vignette. The theme of the central vignette on the top \$5.00 note is that of iron works, which was a major affair in that locale during those times. The second \$5.00 note depicts a view of the falls and village, from which the town got its name. And the third shows a ranching scene, which was a common occupation during that time.

So, it's probably easy for a sheet collector to see why I nabbed this sheet when it came my way. And now I'm presently trying to "fatten up" my wallet while I wait to see what kind of an opportunity awaits me just around the corner.

I hope *Paper Money* readers have enjoyed this article while I tout my prize. I invite any comments to my personal email address robertgill@cableone.net

Until next time, HAPPY COLLECTING.





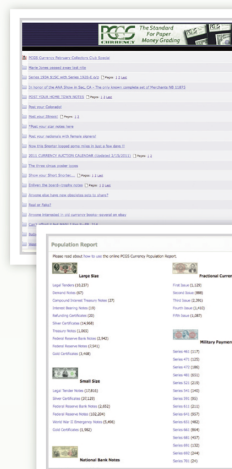
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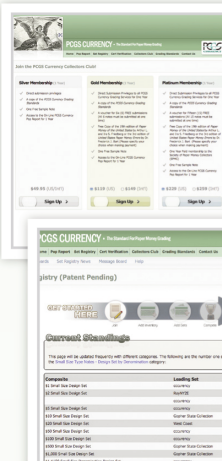


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The Smallest Town in the United States to House a National Bank -probably

by Steve Jennings SPMC LM 103

Premise: Waddams Grove, Illinois appears to be the smallest (population) town in the United States to ever house a national bank which issued national currency. After much research into the background of this tiny village in Northwest Illinois, it appears that the population was in the 50-60's (possibly as low as 37) when the bank was in operation.

As the Crow Flies: Why should I write this article? I had always hoped that some other local historian or other Illinois National Bank note collector would take up the cause, but, since 90 years have passed since the bank closed the front door and there is still no article, it appears to be that it will have to be me. Conveniently, the First National Bank of Waddams Grove, Illinois is/was 12 miles, as the crow flies, from the front door of my house. I was one of the early subscribers to the information provided by Louis Van Belkum on Illinois National Banks. Ever since those days in the 1960-70s, I have contended that Waddams Grove (WG) is the smallest town, by population, to ever house a national bank that issued notes.

My friend, Lee Stickle, and I have collected national bank notes from these northwestern Illinois counties for almost 50 years. Lee insisted that I had to get this done and has been very helpful in providing a sounding board, information about the banking world of 1920 and offering ideas as to why anyone would choose to open a national bank in such a tiny village in an obscure corner of northern Illinois.

I have started this article several times in the last 40 years, but always flamed out for lack of information. After reading a similar article written by Gerome Walton about the smallest national bank in Nebraska in the Numismatist in 2012, I became convinced that we would just have to go with the information that we have. Thus, I wrote this article, which is intended to illustrate and provide interesting historical information about this remarkable business venture. So here we go.....

Location, Location, Location, Part 1: Illinois became a state in 1818 and was settled along rivers and alongside natural resources. Thus, Galena, Illinois, located near the Mississippi River in the far northwestern corner of the state was the largest town (about 14,000) in Illinois in the 1820's-1840's—much larger than Chicago--because of river boat traffic and lead mining. Galena survives today with 3,400 people, while Chicago has grown somewhat larger.

The population of Illinois moved slowly from the south in 1818 to the north in the 1830's. Pioneers moved east very cautiously from the Mississippi river. The Winnebago, Fox and Sac Indian tribes were farming/hunting/fishing along the Wisconsin/Illinois/Iowa border. They were not overly fond of the white farmers who planted fields of corn, displacing their hunting /fishing areas. There were many tales of woe on both sides as the two cultures clashed on the frontier.

Squire William Wadham built the first cabin in 1832/3 according to local historians, on the north side of a hill that was probably built more with defensibility than farming in mind. Indeed, some old pictures exist of even older buildings and barns with walls that were built to provide gun ports that were wider on the outside of the hole than the inside, so that the shooter could swivel a gun better. Most farm houses don't need gun ports in order to help grow crops. Additionally, there are natural springs located there which would be good for farming and providing water while defending the farm.

In the area hills surrounding WG, the locals say that one can still find the stage coach wheel ruts that were ground into the rocks when the stage coaches drove through 3 days each week from Chicago on the way to Galena (161—must have been ugly—miles). One writer describes this form of travel at that time as “assiduously uncomfortable”. In the Traveler's Guide through the United States (1836) one can find that scheduled stage coaches stopped at a variety of towns, villages and inns along the trail/road. One of these stops was Waddams Grove .

The terrain northwest of WG is dominated by hills and rocks which held lead for the Indians and early settlers. The lead could be used for bullets or could be shipped out to earn cash. While this type of ground is good for growing rocks and mining lead, it is not very good at all for growing corn crops.



WG is right at the edge of one of these hills, so that some very good farm ground is immediately in front of the village which was farmed by the Stouffer family—starting circa 1888. Indeed, the farm ground in front of WG was viewed by the author of the 1880 Stephenson County History in this fashion—”The low level, rich prairie, with its fields and meadows, farms, barns and houses skirted in the distance by the range of mounds, heading around like an amphitheatre (sic) into Jo Davies County, presents as fine a scene beneath a glowing June sun, as can be observed in any State.”

The elevation of the area is 800-1200 feet with the hills a few hundred feet higher than good farm ground. Standing on the sides of these hills while trying to pick corn by hand or using a corn knife, can be quite formidable. Trying to pick corn in November would have required one determined farmer. My grandfather used to tell of his childhood Thanksgiving Day activities including ice skating on local ponds. Worse would have been trying to plow these hills with a horse/mule. However, by 1880, 85% of West Point Township, which is 22,800 acres, was under cultivation.

The village of Waddams Grove is located 5 miles from the Wisconsin state line no matter how the crow flies; 7 miles from Kellogg’s Grove, where Lincoln “fought”; about 20 miles from Galena and 12 miles from Freeport, Illinois.

Famous and Important Visitors: Abraham Lincoln “fought” in the Blackhawk Indian war of 1832, i.e. after Colonel Stephenson fought with Chief Blackhawk and his Indians up and down Yellow Creek—from Waddams Grove to Kellogg’s Grove and back again, there were a number of dead soldiers and Indians. Other battles were fought in this war, but these places are relevant to this article. For whatever military reasons, Lincoln having been elected “Captain” of a group of rather rowdy drinkers who called themselves soldiers and who apparently had enlisted for 90 days—probably because of a lack of other employment—was/were sent to help “fight” the Indians. In later years, Lincoln recalled that they bravely fought the elements and lost much blood-- to the mosquitoes. They also struggled mightily with wild-- onions, but never saw any wild or even any live Indians. His real task was to bury the dead soldiers—numbering somewhere between 8-18, depending on the source and date in which the article was written as there is little agreement among the articles as to exact numbers. The Indians were buried where they fell.

The locals all tell of farmers bringing in more bones of soldiers and Indians when the Kent Monument was constructed near Kellogg’s Grove in 1885. Kellogg’s Grove, which had consisted of a few cabins, was on a trail from Peoria to Galena about 100 miles from the south to the northwest. It is in a direct line of sight of Waddams-- 7 miles straight north and can be seen quite clearly. This line of sight today is measurably helped by giant electricity generating wind mills that are now located in the backyard of WG. The wind swirling around the hills creates just the right situation for the wind mills. Thus, the monument is located on a hill overlooking a beautiful valley which is straight south of Wadham’s grove of trees.



Whether Abraham Lincoln was ever in William Wadham’s cabin or on his land is up for speculation, but it was easily within reason that Lincoln and his “soldiers” needed shelter after the Indians had shot up Kellogg’s Grove of trees and houses. Wadham’s land/cabin became the next immediately available shelter. The Indians had left the area entirely by 1836. White settlers then moved into the area to farm.

Abraham Lincoln returned to the area in August 1858 after practicing law in the Springfield, Illinois area, 183 miles to the south. His reason to return to the area was much different than 25 years before. He was now running for the U.S. Senate seat from Illinois against Stephen A. Douglas. Their debate, number 2 of 7, was held in downtown Freeport. The nearby banking center of the town has later relevance to this article. This debate was important in that Lincoln phrased a question about slavery to Douglas which trapped Douglas into a political position which severely limited his popular support in the 1860 presidential election. Lincoln lost the 1858 Senate race, but more importantly for the nation, later won the Presidency.

Much had transpired in those intervening years. Stephenson County –named after Benjamin Stephenson, a politician from the area, had split off from Jo Davies County. Thus WG moved from one county to the next by not moving at all. Twenty years later the residents moved the entire town, but stayed in the same county--Stephenson. Jo Davies County had been formed much earlier because of the population surrounding Galena’s lead mines and shipping. Galena, the Jo Davies County seat, is a hop, skip and a jump down the road from WG on the Stagecoach Trail of today—a very curvy, very scenic, blacktopped stage coach trail.

It appears that (Hiram) Ulysses S. Grant was in WG multiple times starting in the summer of 1860 and extending into the spring of 1861. He was working for his brother, Orvil, at the insistence of their father, Jesse. Orvil ran a tannery and retail/wholesale leather business in Galena and the surrounding counties in the three states of

Iowa, Illinois and Wisconsin. Jesse, had insisted that Ulysses work there as he had had little or no success in any business that he had tried since leaving the military in the 1850's. There is no way of knowing how many times

Grant was in WG, but given the proximity of WG to Galena, it is reasonable to assume that he was there at least quarterly, maybe monthly, depending upon the needs of the stores in WG and other merchants in northwestern Illinois. Grant went south from the Galena area in 1861 directly for the civil war and subsequent Presidency.

The Illinois Central Railroad (IC) laid track through the area in 1853-54. Thus, Grant could have easily been in WG in a matter of minutes—very much different that only a few decades earlier where the stagecoaches ran with real horses, not iron horses. The lead mines had created much prosperity for the entire area for decades. Perhaps it was this lingering historical prosperity that was the ultimate hope of the founders of the bank in WG 60 years later.

Theoretically, one can ride the IC all the way from “downtown” Waddams Grove to the Memphis Paper Money show. The ornate train station in Memphis is only a few miles south of the convention center.

Oh, Who Cares About Spelling Anyway: William Wadham (also spelled Wadams, Wadhams and Waddams) had built a cabin on the other side of the hill from the village that Grant visited, but when the IC went through, it had to lay the track on the Western side of the hill. So, this time the people moved, but not very far—it is less than 1 mile around the side of the hill. Moving the town to the railroad was a common occurrence in that era. In fact, I own 2 real photo postcards of bank buildings being moved to a new location—1 of the banks is on a sled!

This was the time period when the spelling of Waddams Grove (a unique name in the United States) became slightly confusing and more than a little inconsistent. The first name of the village/area/grove of trees was Wadham, obviously named after William. That name lasted from 1832-1872. Then, the IC changed the name to Sada; the name of the daughter of the railroad agent—Mr. Ozborn. This name lasted only for 4 years when the name went to Waddams Grove for the post office, but went back to Wadham for the railroad. This would seem to have been no major problem, except the locals were not consistent. I have a photocopy of a 1911 real photo postcard in which the owner of the general store (William M. Rote) identifies his address in the text as Wadham while it is postmarked Waddams Grove. Rote's general store was located one door away from the --soon to be built --bank building. In another real photo postcard --this shot of the depot was located 15 feet north from Rote's store, the spelling on the side of that depot is Wadham. None of the locals can explain these variations and don't seem to care a whole lot. Moreover, the depot changed names on the signage back and forth at least twice, but sometime after WW2, when the old depot was torn down, the name Wadham disappeared.

In addition to the above confusion, WG is located in West Point Township and not Waddams Township which is in the adjoining township. The village is located at the base of a hill called West Point which is the second highest point in the state of Illinois @1168 feet. The highest point—by 69 feet—is located at Charles Mound about 20 miles west of WG.

Clarence Stouffer, the eventual bank president, must have decided, only 7 years later, that the above name issues had been settled as his legal paperwork for the bank only uses Waddams Grove. There is no use of an apostrophe or other spelling. However, there is confusion connected with the spelling of his last name in a variety of publications. His family name is Stouffer, not Stauffer nor Slauffer.

Clarence and his mother (his father had died recently) along with at least one sister, Ida, arrived in WG from Pennsylvania, in 1888ish, when he was 19 years old. Exactly how they were able to buy farm ground, produce some wealth and escape the national depression of 1893-4 is not known, but within a few years he was investing in farm ground. If he had read the 1880 Stephenson County History (quoted earlier), which is possible, he must have been brimming with enthusiasm to get to this paradise on earth.

Location, Location, Location- Part 2: There are a number of factors that any new business needs to address in finding a location for that business. Each of these factors needs to be weighed in order to determine the success or failure of that business—in this case, a national bank.

Population changes; the federal census of urban areas had been increasing and in most situations continues through today. I'm sure that Walter Duft, the soon to be head cashier, who had been living in Chicago, was clearly aware of this increase in population. However, in the rural areas, it started to decline in the oughts and teens. By 1920 all of the local rural areas were in serious decline. This rural decline continued for decades and, in many areas, continues through today. There will be further discussion of population issues later.

Availability of improved transportation; this had changed immensely around WW1. The new, cheaper automobiles made “getting to town” much easier for all people. New, bigger trucks made getting the produce to market easier and faster. This speed came at the expense of small rural towns and villages because the produce was being sold to consumers in urban centers. The majority of these people were located a long way from the farm fields, so that trucks became a major factor in transporting fresher crops from the farmers to these urban populations. Railroads had not laid anymore track in northwestern Illinois by 1910, but this was a result of them having laid track

to almost every conceivable town and village in previous years. In fact, in Iowa, in 1910, one could travel no more than 4 miles in any direction without crossing a railroad track.

Improvement of roads; given the new vehicles, there was a strong need for better roads. Cement roads went through the area in the 1920's. However, most rural areas relied on gravel or macadam—i.e. early blacktop. Given that some type of road was already there—Indian trails—most of the new roads followed the old roads. These new “hard roads” led to some major changes in marketing and advertising products.

Mechanization of agriculture--there were huge changes taking place. In reading background for this article, I came across many advertisements for new and improved tractors, plows, reapers, etc. One of the ads showed a farmer sitting behind the tractor while riding on a plow that was very close to the ground being plowed. Theoretically, the farmer was able to run the entire setup using remote controls made of long steel rods.

Economic cycles—all capitalistic systems cycle, i.e. Prosperity, Recession, Depression, and Recovery. World War I had created a changed demand for food—much of Europe had produced very little food during the war. The farmer in the United States had produced food for much of the world. This led to the euphoria of Prosperity. The lack of mechanization in agriculture before the war resulted in a large demand for farm hands. The new mechanization led to a major change in demand for farm hands—down--to help produce the product. And, in what is clearly the most underrated macroeconomic event of capitalism in the United States, there was a significant economic depression in the early 1920s. It was later greatly overshadowed by the 1930's depression. In 1921 the United States lost 23-28% of its industrial activity.

Competition—there were no banks in WG. A group of interested businessmen from Warren (a larger, small town 7 miles away that had 3 national banks and at least 1 state bank in their history) had announced in 1919 that they were going to try to form a state bank to be located in WG. However, they announced on February 5, 1920 that they were not going to start that bank. This apparently created an opening for the Stouffer group to form their national bank in WG. They started construction within 30 days.

Local business support—the locals apparently had optimism in the water supply. Before 1920, circa 1910, an automobile dealership (possibly a Cadillac/ Ford dealer) built a new building, immediately next to the to-be-built bank. Memories are hazy as to the length of time they were in business and there appears to be no record of their demise and I could not find any ads as to their time in business, but they were there in the time period immediately preceding the building of the bank. The tax assessor's office listed the construction date of the car dealer building as 1897, but considering that they listed the bank's construction date as 1915, I am confident that the 1897 date is incorrect as well. Consistent with the rampant optimism of the community, the car dealer building was laid out to be twice its current size—on a dry summer day, one can see the outline of the larger foundation in the grass in the side yard between the car dealer and the bank.

Given all of the above optimism and the background of the area; famous people wandering in and about, farms and farmers multiplying and prospering, business was very good, so how could an investor/lender make a mistake by jumping into this prosperity?

On February 24, 1920 several directors were appointed and the officers elected. The directors included two of Clarence's children, Avery and Thad, William Woodley, Joseph Schneider and Joe Scheible. The article listed Walter W. Duft as president and cashier which was surely reported in error as Stouffer emerged a few weeks later as the president with no more meetings having been identified. Apparently the writers of the 1970 Stephenson County history used the same source as this created much confusion for me in the early versions of this paper. Elmer Ferguson was elected Vice President. The investors pledged \$30,000 in capital stock.

Opening Day with Friends and Family: Clarence W. Stouffer, soon to-be the bank president of The First National Bank of Waddams Grove, Illinois, Charter #11675, had gathered enough investors around him to build and open the bank. I'm sure that friends were a major factor in choosing partners and employees. And while Duft was 24 years younger than Clarence, Duft had been raised on a farm—a mile or two from the farm on which Clarence had been raised. Duft had also married into the Stouffer family. The investors appear to be all family or locals who had done financially well in past years based on the advice of Clarence.

The building of the bank was described to me about 30 years ago, by a man who was in his 80s. He and his family did not wish for their name to be used in print, so I have identified him as old man interviewee. He had lived across the street from the new First National Bank (interestingly, he also lived across the street from a bank at the time of the interview--the Lena State Bank) and had watched with a child's curiosity as the national bank was being built that spring 1920. In an interesting story of a truly anachronistic act, he described to me how Mr. Stouffer had spun together, by hand, using a Model T Ford wheel, the single strands of wire to be used for the horse hitching post. I can imagine Stouffer getting the wheel from the neighboring car dealership whether or not they were still in business, although the old man said that the car dealer was gone by then. The old man clearly remembered the construction being done largely by Stouffer. These tasks involved mixing the mortar, laying the bricks, getting the

roofing to the roof and nailing the roof. The construction time period was under 60 days from starting construction to opening day. Our interviewee even had some small, grainy pictures of the bank which he had taken with his Brownie Camera from his home across the street.

The building measures 40 feet wide by 26 feet deep. The “sturdy” vault was 11x13 feet and was built using cement and railroad ties. The walls of the vault were 18 inches thick. It was built without a bathroom, so that one can note in later pictures that a bathroom addition was added to the north side of the building after the bank closed. Avery Stauffer, the president’s son and a director of the bank, who had a recorded lien on the contents of the bank, moved his family of 6 into the bank and used some of the extra space in the rear of the car dealership building for bedrooms for some of the kids.



Opening Day

The people standing on the front porch of the brand new bank are probably the 3 officers of the bank. Please note that no sign shows in the picture. None was ever erected or painted—apparently one just knew that this was a bank and walked in to conduct business.

There are several reasons why I think that is was opening day or very close to that day. Construction material is still scattered around the building. The street is still a dirt road that has not been improved. In one of the weekly updates of the construction of the building found in the local

newspaper--the stone having been quarried locally, the foundation laid, the windows installed, etc.-- was an announcement that the building had been purposely built several feet higher than the street as the street was to be later raised and improved. Thus, this picture was taken very soon after construction was completed.

Additionally, one of the men pictured, who I contend is Elmer Ferguson, has a coat and a hat on. Given the normal temperatures in Northern Illinois in April, that is perfectly reasonable. The old man interviewee said that he saw only two people running the bank at any one time. This would also be consistent with the role of Vice Presidents of banks, i.e. it was often a ceremonial role and that person had a job elsewhere. No one knows as to the exact working arrangements for this bank, but it would seem likely that Elmer had shown up for the picture on the day they opened.

The tall man in the picture is Walter Duft and is dressed as a cashier would be for that time period. The shorter man, at age 50 and looking quite proud, is Clarence Stouffer and is dressed in a bank president’s suit. There is some concern about the identity of these men among the surviving family members, but I am quite sure that I have them sorted out correctly.

On their first day of business, they took in \$20,000 in deposits, a very large sum for the time and location. This early success was surpassed by the end of the week in which they had received \$60,000 in deposits. The bank operated from April 12, 1920, a Monday, although the legal paperwork from Thomas Kane, the Comptroller of the Currency, states April 9, 1920. Neither of these dates is listed in Hickman or Kelly so those of you who really care about tidying up details, you will need to pick a date for their opening day. I did find a nice size advertisement offering their national bank status as much more secure than state banks. Miss Zoe Gray, age 33, previously with banking experience as a cashier in Warren banks, was hired about opening day. They stayed open on Saturday night from 7-9 p.m. and must have been quite busy those opening days.

How Small Is Small?: The federal government census counted 146 people in 1900 and 75 in 1910 for Waddams Grove. Nationwide, the census takers must have experienced some difficulty in counting people in an area with no specific boundaries. Thus, beginning with the 1920 census, the government, probably in an effort to save money and disputes over the population gains/losses, stopped listing all of the unincorporated areas by the village name that the locals used. Because WG is/was not incorporated, they are not in the 1920 census by name. The people were all counted as part of the township. Thus, we cannot know the exact number of people who lived there in 1920, but because of the census of the immediate area, we can surmise reasonably well what the population had become. The nearest incorporated village, Nora, four miles north, had lost almost exactly 1/3 of its population from 1900 through 1920 going from 313 to 213; indeed Nora had consistently lost population since its high point in 1872 of 1046. West Point Township includes Lena which was doing pretty good, but the township still lost 15 % of its population from 1900 through 1920. If WG, in the teens, lost in direct proportion to the township, WG would be 63-64. If WG lost in direct proportion to Nora, then WG would be in the 50’s. WG lost 50% in the first 10 years of the new century begging the question, did they lose in direct proportion in the teens? If so, then the 1920 population would be 37-38. The locals decided, by an informal count, that the population in the fall of 2013 was 44 depending how one would count children attending college.

The Duft family had moved in on March 23, 1920 and out again sometime after November, 1923 counting for at least 3 people. The old man interviewee said that his family's house was torn down soon after they moved to Lena later in 1920 and they counted for 5. He was pretty sure that no one else lived in the house after they moved. The car dealership opened and closed in this era, but it was not in business in a picture showing the building housing the Sadie Stouffer Hatchery in 1926 and probably closed before the bank was built. Who knows how any of these circumstances would have been treated by the census takers?

Probably no one can know the exact number, as the population in these unincorporated was self-reporting as to their address in 1920 and later. I looked in Ancestry.com for answers of the self-reporters. They were listed by the last name of the families. There seemed to be little chance that one could find the names of all the families who self-reported their addresses. Also I found that several of the family names were not spelled correctly so I gave up looking.

I have always used 65 as the highest possible number and something in the high 30's as the lowest possible population number. Thus, one can pick any number in the 37-75 range and have some reasonable credence in relation to it, although someplace in the 50-60 range is the most likely.

Reality Smashes into our Budding Bank and their Buddies: Clarence had been youthful enough to take the financial risk, do lots of physical work in building the bank and assume the role of country banker. There were, however, some serious negatives in all of this optimism and enthusiasm. He had been born only 4 years after the end of the Civil War and moved to a successful farm in the prosperous Midwest and while, I'm sure that he worked hard, he had probably never seen the effects of a national depression on the local economy. There never is unemployment or a shortage of work to be done on a farm. One may have a lack of income for a variety of reasons, but not a shortage of work, especially before the advent of labor saving technology. Additionally, while we do not know of his education but I suspect he made it through 8th grade although this level of education certainly did not provide him with the knowledge of macroeconomics. For that matter, few, if any economic theorists knew much about macro or micro economics in the early part of the 20th century.

In 1920, World War I was just over with lots of "doughboys" returning who needed jobs. Jobs were not easy to find and paid poorly, especially on the farms. Obviously, many unemployed people with low skills and low pay do not create large bank accounts. Additionally, these returning veterans were returning to the towns and cities, not rural areas and villages. The Freeport Journal Standard ran an article in June 1920 which speculated that Stephenson County had lost population in the census of 1920 from the federal census of 1910. Their loss estimate was between 1000-2000 residents in the rural areas while the population of the county increased by almost 1000 people to 37,743. WG was clearly in the rural category.

There was much turmoil in Europe given the need to feed their people during and after the war. Influenza had ravaged the world including my great aunt's fiancé. These issues created many changes in supply and demand issues for agriculture. As Morris Dickstein wrote in *Dancing in the Dark*, "After the expansion of agriculture acreage and subsequent output, especially in the Midwest, in order to meet the enormous demand created by the war, the agricultural economy had virtually collapsed by the first half of the 1920s." Additionally, farmers were not protected as today's farmers are, with subsidies and price protection from the federal government. Indeed, it was this depressed time period (1920's) which encouraged legislation to erect these protections of farmers.

The new hard roads created much speedier marketing of their products, but for fewer farmers who were farming more ground for each farm. These hard roads meant that into the 1960's small towns/villages stayed open on Friday and/or Saturday nights to accommodate the farmers and their families spending ag related income (often called egg money, which was earned by the families by raising chickens and eggs). However, this led to larger stores in larger towns which caused much distress for the general stores located in small towns and villages including Rote's general store next to the bank in WG. Thus, rural villages in Illinois, like WG, started to decline in the late 1800's. That decline continues through today. Rote's general store was gone before WW2 and the building was gone by the early 1950s.

In 1920 there were a handful of all types of businesses in WG, probably 6 or so. Since the village was not large enough to have a city directory, computing any number is a matter of looking for ads in the Lena Star newspaper. Today there is only one business left, Lane View Ag Supply, run by the banker's descendants, which is located in the car dealer's building. All of the rest of the buildings have been torn down, fell down or converted to residential use. One building blew up, but that is a story best left for another day. Almost all of the buildings left in WG today serve some purpose including the former bank.

Stouffer must have been very persuasive and/or optimism must have been as rampant among the citizens as it was with Stouffer, as several Lena Star articles identified his officers and board of directors and the amounts of money they raised to get the operation started. However persuasive Stouffer was, he appeared to have been mired in the past with his thinking. I suspect he could remember many good times in the farm life and small villages of the

area, as could his friend and relative Walter Duft, so that adding a bank where there was none made good sense, if one ignores all of the other issues presented here. In retrospect, it seems that the story of Clarence spinning the hitching post wire was really the story of the bank, i.e. using a car wheel from the 20th century to create an object used in the 19th century. Clarence was backing into the future using skills and knowledge that worked well in the 1800's, but led him to a disaster in the 1900's.

One more important issue that contributed to the demise of this bank was competition. I used a protractor to draw a circle around WG for 15 miles as the crow flies. I was able to count, from memory, 19 national and state banks in that circle with a handful more credit unions, savings and loans as well as some other specialized ag lenders. If one extended the protractor out to 20 miles there were another dozen or so banks that were in existence at that time. Even though the bank in WG had rather spectacular opening day's deposits, I suspect that within a relatively short time, the deposits stopped coming in and the withdrawals started to decrease their asset base, so that they had little capital to lend out to farmers. To add insult to injury, their nearest competitors which were only four miles away, The Citizen's State Bank in Lena opened a new building in April 1920 and The Lena State Bank opened a new bank building September 23, 1923. However, not all of the competition was doing so well, as the First National Bank of Warren, seven miles to the northwest, filed for voluntary liquidation in 1926.

Thus, our cute, very small, country bank was destined to be crushed by a combination of factors; a very serious national, regional and local depression which affected mainly agriculture; over optimism of the extent of local business to be had as depositors; too much nearby competition; wishful, probably nostalgic thinking that had been severely transcended by rapidly advancing technology and a lack of experience, as none of the officers had ever run a bank before.

I did find an article about their closing date which identified that in the last year of operation they had received almost no new deposits which left them with little business to conduct. Considering that they were only open for 43 months in total, this means that deposits must have truncated rather quickly after opening week. The opening day euphoria must have vanished like smoke from a campfire on a windy day.

In the October 11, 1923 Lena Star came the death announcement, The First National Bank of Waddams Grove sells out to The First National Bank of Freeport. Apparently, they were able to separate some of the assets as the Citizens State Bank of Lena took over their "accounts." My guess is that the loans went to Freeport and the checking and savings accounts went to Lena. This was all to be effective as of October 9, 1923.

Women and Children to the Rescue: As often described by the descendants of the Stouffer family, Clarence and his investors" lost everything" in the closing of the bank. He had also speculated on land values which collapsed in the agricultural depression of the 1920's. This agricultural depression is to be clearly delineated from the national depression of the 1930's. Son Avery lost his investments in the bank business in the 1920s along with his father. Avery lost his own investments in the bank building and farming in the 1930s depression. Avery's grandson, Ron, ended up back in the bank building again by the 1960's. Clarence's great-great grandson, Shad even told of playing in the vault as a child, because it was virtually indestructible.

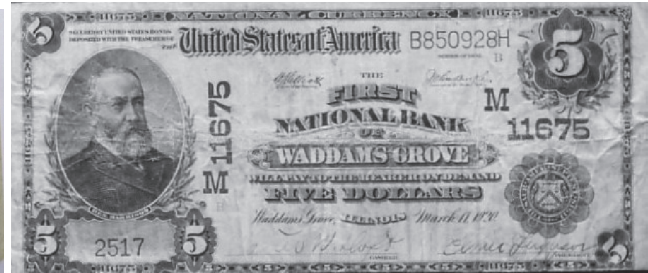
However, depression or no depression, the families had to eat and survive somehow. Thus, the women and children raised chickens and provided eggs for the local market. It was the hatchery business, however, that saved them all. The auto dealership building became the Sadie Stouffer (Avery's wife, Clarence's daughter-in-law) Hatchery by 1926. They later acquired the local post office, located it in the corner of the car dealer building and mailed out in three foot square boxes baby chicks by the thousands all across the U.S.

In reviewing Grantee and Grantor covenants for the 1920s in Stephenson County I found several recordings involving the extended Stouffer family who were all in the hatchery business e.g. one of Clarence's sons, Thad and his family, ran a hatchery outside of Lena as early as 1920. All but one of these listed financial promises was related to the chicken business. The sole recorded promise outside of the chicken business was for Avery Stouffer laying claim to the contents of the bank, he apparently had loaned money to his father Clarence, so that Clarence would have enough cash to buy the furnishings for the new bank. I suspect that Clarence paid little, if anything, to Avery upon the closing of the bank, besides Avery acquiring the bank building for housing.

Picking Up the Pieces; Duft went back to Chicago and Stouffer went with him. They may have both bought boarding/ rooming houses. Clarence spent the rest of his life, 23 years running his boarding house and making some deals with others, possibly including Duft, because at some point in the near future, Duft went to Florida with a law degree. Given that he was 26 years old when the bank opened, it is any one's guess as to when he earned the degree as it would seem odd that he would choose to be a bank teller with a law degree. He probably participated in the Florida land boom of the late 20s. One of Duft's children, William, lived out his life working for and living in Lena and his widow is still there. Ferguson's activities are less well known, as the only known relative did not respond to my requests for information, but Ferguson stayed and worked in the immediate area. Ms. Gray became Mrs. Riskel and stayed in the Warren area the rest of her life.

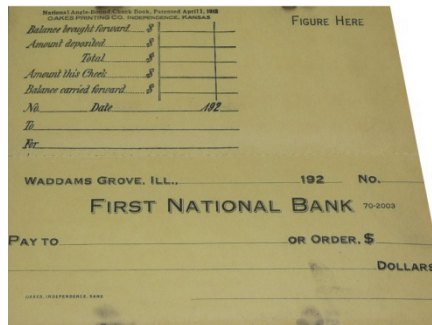
What is Left Today: Russ Hartman, a bored Freeport coin collector decided in the late 1960's, to collect all of the national bank notes located in the county seats in Illinois. There are 102 counties in Illinois, but there were a few of those towns which did not have an issuing bank, so that the collection could be 100 notes. However, this style of collecting did not provide notes fast enough for him, so he decided to collect local issuances as well. He was able to chase down at least one or maybe two of the WG notes that were held by the surviving families, which were not for sale. These are not listed in the national note census. In addition to the family held notes, there are probably 6 other surviving notes. Locals speculate that a few more exist, but probably not.

A year or two later, John Hickman did sell a WG note to Hartman for \$45. Hickman had offered the note to Lee Stickle, but neither of them knew where WG was located so no transaction took place. I told John that I would like to own a WG note also. John said, "No, problem, you can have the next one I own." Thus, I came to own several unique notes (Freeport, Illinois \$2 & a Little York, Illinois \$5) but John never did find me another WG note.

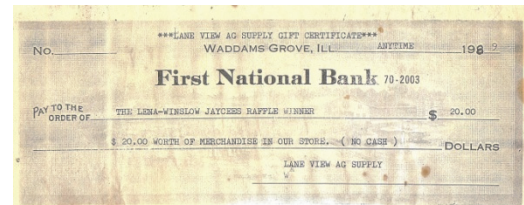


All of the notes issued are \$5 plain back 3rd Charter, numbers 1 through 2704. The 2 notes pictured above (courtesy of 2 Illinois collectors) have the president signing one of them and the vice president signing the other note. While this is no big deal for many larger busier banks, it does seem to be a stretch to believe that such a tiny bank president would ever be so busy that he could not find time to sign them himself. My guess is that the two officers shared the prestige in signing the notes.

A few checks of different types exist on the bank. The cutest "check" features a bank issued check as a basis for an advertising piece which was used in the 1980s by the surviving ag business—Lane View Ag Supply. The other picture of checks is an original pad as issued to customers.



A few cancelled checks do exist. I own 2 of them. They are of the same type in the above picture.



First National

Bank of Waddams Grove in 2013--this is a picture of Ron Stouffer (on the reader's right)—the great grandson of the banker Clarence and the author standing in front of the bank building taken on the exact day of the 90th anniversary of the

closing of the bank. The building looks a little rough and appears to be leaning, but is functional as an apartment.

Clarence Winslow Stouffer, President from August 27, 1869 to September 3, 1947 died in Chicago. However, he is buried in Lena, Illinois Burial Park, section 7, lot 17.



(Charles) Elmer Ferguson, Vice-president

from 1881 to November 1, 1960 died in West Point township, probably at home and is buried in the Lena, Illinois Burial Park, section 9, lot 18. His father's name was Charles, so that the VP became Elmer so as to distinguish between the 2 men.



Walter William Duft was head Cashier until June 12, 1950. He died in Fort Lauderdale, Florida and is buried there.

Miss Zoe Gray, cashier, died in Warren, Illinois on August 24, 1962. She was 75-ish and is buried in the Elmwood Cemetery Warren, Illinois under her married name of Riskel.

Waddams Grove, Illinois lives on in obscurity: So there you have the story of what appears to be the smallest town/village in the U.S. to house a national bank that issued notes. Over the years, I have found a few national banks located in small villages which may have challenged this small population—no one had done the research, but none of these banks had issued notes. Perhaps there is a smaller town than Waddams Grove, but I have not found it. Can you?

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Freeport Public Library – Freeport, Illinois--local history room, Cheryl Bronkhema.

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Stephenson County USDA Soil and Water District.

My appreciation is also expressed to my friends and those of you who merely listened to my concerns, thoughts and remarks while working on this article—that includes Barbara Hallstrom, Rockford, Illinois.

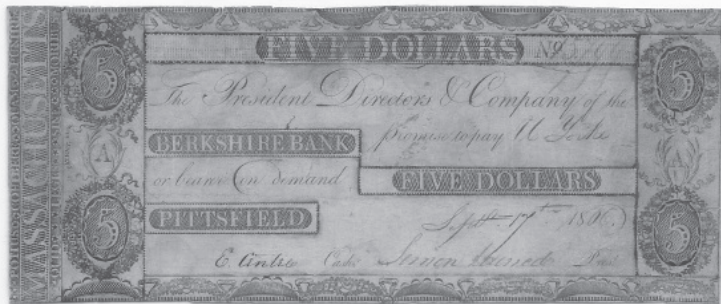
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Why Do Humans Refuse to Learn from Our History?

by Josh Colon

Before the 1860s and the National Banking Act there was not an official paper currency in the United States. Since thousands of state banks were allowed to issue their own banknotes, trust became an integral part of banking. When an obsolete banknote, from the Berkshire Bank of Pittsfield, Massachusetts, dated 1806, crossed the auction block and the gavel fell at under one hundred dollars, a curiosity was formed. How did a two hundred year old banknote survive this long and why was the price so low? After much research an answer was found, that of supply and demand mixed with corruption.

The Berkshire Bank was in the limelight for less than ten years from 1806 to approximately 1810. The brief existence was started as part of a trend of banks popping up in small New England towns, where a little capital had accumulated. On a cold winter day in February of 1806 Pittsfield was added to the list of bank towns. That day Governor Caleb Strong signed the charter for the Berkshire Bank. Many of the key people involved in the formation of the institution helped shape modern day Pittsfield, as well as Berkshire County. Some of these men included Thomas Allen Jr., Theodore Hinsdale Jr., and Ebenezer Center, who was the cashier and one of the two signatures on the banknotes.



The initial capital was seventy-five thousand dollars on which twice that could be issued in banknotes. This rule however was quickly broken and hidden so that only the board of directors knew the true banking operations. The crime was caused by a businessman by the name of Mr.

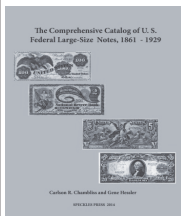
Dexter. He was a powerful man in the business district of Boston, who needed banknotes as collateral in his financial institution in Boston. With his connections to Pittsfield, he asked for two hundred thousand dollars' worth of their banknotes. The board of directors agreed to send Mr. Dexter the newly printed notes with the promise that they would never circulate and remain in the bricks. This secret was because it broke the commonwealth's laws on the bank's charter. Since this secret would be the demise of the charter if revealed, the notes were also not recorded on the bank's records.

As time passed and the notes started to lose their value and accreditation, as with many banks in the early to mid-1800s, a spike in redemption occurred. In 1809, as John Chandler Williams was being handed more and more notes for redemption, the figures clearly were different from the books. This caused the bank to not only fall into debt, but the subject of a state investigation in February of 1810.

Custom at the time, if fraud and debt was owed by a banking institute, it became the responsibility of the board of directors. Since the bank could not stand ground, it was closed with the remaining debt coming out of the pocket and seizure of property of the directors. Also due to the laws of the time all members of the board were sentenced to prison, to be served in the neighboring town of Lenox, Massachusetts.

After being released from prison, the once wealthy men were now broken mentally and financially ruined. With most of them eventually regaining wealth in later years, the connection to the Berkshire Bank would follow them for the rest of their lives. This should be a lesson for the present day; however history always seems to repeat itself and is not taken to heart.

It should also be noted the building, which was located in Park Square, became home to two successful institutions after the closing. Those institutes being the Agricultural Bank and after it's relocation the Mutual Fire Insurance Company. The building was destroyed in 1874 to be replaced by the Berkshire Athenaeum and after that, the scandal of the Berkshire Bank was mostly forgotten.



THE COMPREHENSIVE CATALOG OF U. S. FEDERAL LARGE-SIZE NOTES, 1861 - 1929

by **CARLSON R. CHAMBLISS** and **GENE HESSLER**

One of the most beautiful and authoritative books ever written devoted to the subject of Large-Size Notes of 1861- 1929 has recently been published. It is stunning and has lavish use of full color for depicting most notes. The majority of the illustrations are direct scans of the notes themselves and not transfers of items from third parties. The complexities of the USNs of 1862-63 explained in detail along with stars, mules, and block varieties. The NBNs are listed both by Treasury signatures, by States and Territories and it also contains a section on errors, fancies, and uncut sheets. A new numbering system is introduced (the Chambliss-Hessler numbers), but the more familiar Friedberg numbers are also quoted for each and every variety. Census data are given for all varieties, and these are very much up to date. Current valuations are used, and thousands of auction realizations are quoted. This work is an absolute essential for anyone involved at all with U. S. Large-Size Notes.

The book is soft-bound, 8.5" x 11" in size, and is 320 pages long with almost all of these in brilliant color. Both authors are by now well-known to the syngraphic community. Chambliss applies the analytic skills of his scientific background and discusses many aspects of these notes and the monetary history of the years in which they were issued. Many new insights - some perhaps controversial - are provided. He is the owner of a formidable collection of these notes, and the majority of the illustrations are from that source. Hessler is a true artist, and he has spent literally years in researching the designs of these notes and in studying the careers of the engravers who produced them. Our special price is \$35.00 per copy postpaid to anywhere in the USA. Prices to foreign countries will be higher (please enquire). Quantity discount rates do apply, and these can be large if sufficient books are ordered. Copies of the beautiful 152-page catalog of MPCs that Chambliss published in 2012 are also available, and a special "package deal" is offered to anyone who wants both books postpaid for \$55.00. Order yours now to insure prompt delivery. All orders should be check or money order to Carlson R. Chambliss, P. O. Box 804, Kutztown, PA 19530. Dr Chambliss can also be reached by email at crchamblis@verizon.net (one "s") or by phone at 1 - 610 - 683 - 6572.

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MURDER ON MY MIND

GETTING READY TO TRAVEL to the Memphis Paper Money Show required, among other things, getting my hands on some paper money—of the current, spendable sort. Normally I make a point of minimizing the amount of cash I use in daily transactions, preferring instead the convenience of



Chump Change

Loren Gatch

paying off the credit card every month (and racking up those reward points). When it comes to travel, though, I behave differently. Apart from the lodging, it's all cash-and-carry. Waving plastic around in a strange city always makes me a little nervous, and dealing with many of the little expenses of travel—cabs, incidentals, and especially tips—just makes more sense with cash. Not to mention that paper money dealers prefer it, too!

After too much eggs and bacon at the SPMC breakfast on Friday morning, I staggered through the Cook Convention Center with my remaining \$300, looking forward to an extended romp in the candy store (even if most of what I could afford to do was only window shop). I duly found one dealer with a large inventory of bank checks and drafts organized by state, and since my collecting interests have recently drifted towards Oklahoma's financial ephemera (Depression scrip has gotten crazy expensive) I happily pulled out the binder for my adoptive state. But hardly had I settled down to indulge my fancy when another fellow came to the table and asked the dealer *for the identical binder*. In that instant, I panicked. *This guy collects the exact same stuff as me. Happy feelings all gone.*

In the moment I conjoined two rather unrealistic thoughts. The first was, *can I shank this guy with my pen, or do I need something sharper?* And then second: *Where can I stash the body where it won't be noticed—prop it up at the empty Coin World table?*

But before I could explore the feasibility of either proposition, my intended victim blew all my sanguineous thoughts away by speaking to me. My mark, who I will call "David" (for that was his name), turned out to be a real nice guy.

David was from Calvin, Oklahoma, which (as I looked up later) is a tiny spot of less than 300 souls in Hughes County, whose nearby seat, Holdenville, issued a form of labor scrip during the

Great Depression (this is how I've learned my state's geography). It turns out that David, who I think said he was a schoolteacher, has been collecting Oklahoma financial ephemera a lot longer than I, and knows a lot more about it. Rather than simply amassing checks by bank, David explained that most serious collectors distinguish between post-statehood (1907) and territorial (pre-1907) issues, with examples from Indian Territory being particularly sought after. Unlike other new states, Oklahoma entered the Union with an already-substantial population of some 1.5 million. During the chaotic period of the land rushes, settlers surged into the territories to lay out town sites on the promise of a dream (or at least on a bet that a railroad would build through); when those dreams withered, many of those small settlements evaporated into memory, their banks shuttered and the businesses that issued such ornate checks against them disappeared. As a consequence of Oklahoma's boom and bust development, the large number of ghost towns has since created an industry of history tourism in its own right.

It turned out that David and I share some collecting tics. Good handwriting on a negotiable instrument mattered; ink pen preferred over pencil; and the signature of an officer of the bank (as that of a cashier on a draft) is also a plus. Given the intimate economic and social connections between small-town Oklahoma and its banks, collecting ephemera beyond the instruments of the banks themselves made sense, and David's interests in letterheads, bills, invoices, and other commercial correspondence suggested to me how a dedicated collector, like some kind of economic archeologist, might aspire to carefully recreate the financial textures and interconnections of communities that have long ceased to exist.

David may have also sensed my unease (if not read my mind) about running into someone with such a specifically similar geographic interest, and he said something to this effect, which I found very wise: 'Look, it's a good, and not a bad thing, to meet somebody else who has the same collecting interests as you do. After all, you want to be able to sell your collection sometime to somebody else. To stay vibrant, a hobby needs to create its own demand.'

That logic not only stayed my murderous hand, but made me think about the health of paper money collecting along similar lines. Any hobby needs new blood; moreover, those new collectors shouldn't be deterred by ever higher prices, even if those higher prices benefit the hobby's incumbents.



President's Column

Sept / Oct 2014

Late July and early August are known as the “dog days of summer”. The heat, humidity (in many parts of the country), and long “lazy” afternoons/evenings give it this name. However, here at the American Numismatic Association World Fair of Money, things are anything but lazy! Some things are certainly hot, like the new commemorative Kennedy gold coin where people are camping out every night by the convention center to get their allotment of one coin. This is the biggest numismatic show of the year and while it majors on coins, currency has a growing place at this show. Many major currency dealers set up, Stacks Bowers has a great run of currency including two major obsolete and major large type US currency collections, and we have a Society of Paper Money Collectors meeting on Saturday morning. Wendell Wolka presented on how to decide to sell a major collection – something he has recent experience with in selling his vast Ohio obsolete collection. I created a two-case exhibit on the Trans-Mississippi Confederate money issues. Congratulations to Gene Hessler for the ANA Lifetime Achievement Award, Neil Schafer for the Farran Zerbe Award as well as Best Paper Money Book of the Year award for his panic scrip book, *Panic Scrip of 1893, 1907 and 1914 – An Illustrated Catalog of Emergency Monetary Issues*, and to Mack Martin for his baby bond exhibit which received honor at the ANA banquet and was said to be a logical follow-up to his award-winning risqué ladies on obsolete currency exhibit!

Continuing to make news is Q. David Bowers’ *Whitman Encyclopedia of Obsolete Paper Money Volume 1 and Volume 2*. Before ANA, Whitman announced a sold out first run in only one month after release – must be a record of some kind. I review the second volume elsewhere in this issue, building on the

review I did in the last *Paper Money* magazine. I really hope to see eBook versions of this book so we can use it at shows – I heard that numerous times this week.

Carlton Chambliss dropped by the table and delivered another recent book focused on US large type issues with co-author Gene Hessler. Perusing this book, I find interesting discourse introducing large type, grading, and history. The catalog itself has reasonably accurate market prices and most interestingly, a census count of the various Friedberg numbers. It is soft cover book and I purchased it for \$30.

Shawn Hewitt continues to do an excellent job leading the web site along with people like Frank Clark, Mark Anderson and Benny Bolin who provide the core of support to those asking questions about the site, its workings and membership questions. The new site has most of its initial quirks and kinks worked out in a smoother than most (new web sites) process done by these guys! The event calendar is kept up by them and other contributing members... you too can add events--please! We need more participation in the blogging community as well as the forums. Please sign on & jump in! There are many brilliant people in the SPMC with great ideas & knowledge to share.

We have two governor slots open where we need strong leaders and contributors to our hobby and Society. This is an opportunity to shape our hobby as part of the leadership team of the Society of Paper Money Collectors. If you have a vision or area you would like to lead, such as research programs, education, presentations, meetings, internet, etc..., please contact Pierre Fricke, pfricke@csaquotes.com. There are interesting projects to get involved in whether a governor or not... web site contributions, present at a SPMC meeting or record a presentation, help with one of several committees such as Shawn Hewitt’s work on an obsolete currency database, etc... Have fun!

Pierre Fricke

WELCOME TO OUR NEW MEMBERS!

BY FRANK CLARK—SPMC MEMBERSHIP DIRECTOR

15 New Members were inadvertently omitted from the last issue—editor's apologies.

14134 Leonard Frania (C), Website
14242 Brooks Burr (C)
14243 William Berry (C/D), Website
14244 Joel Cook (C)
14245 John Huss (C)
14246 Roy King (C), Jason Bradford
14247 Paul ShoSho (C)
14248 Jeffery Jerge (C), Jason Bradford
14249 Leonard Ridgway (C), Frank Clark
14250 Brian Sweeney (C), Jason Bradford
14251 David Rashin (C)
14252 Harriett Audette (C), Jason Bradford
14253 James Wheeler (C)
14254 Bill Sullivan (C), Lee Lofthus
14255 Andrew Rausch (C/D), Jason Bradford

NEW MEMBERS 05/05/2014 - 14256 – 14260

14256 Joey Lamonte, (C), Jason Bradford
14257 Bruce Walker, (C), Website
14258 Larry J. Pitre, (C & D), Website
14259 Jeffrey Valvano, (C & D), Website
14260 William Ritger, (C), Website

NEW MEMBERS 07/05/2014 - 14261 - 14282

14261 Mike Carolan, (C), Website
14262 Houston Jewelry, (C), Website
14263 Jeffrey Esposito, (C), Coin World
14264 Bruce Smart, (C), Shawn Hewitt
14265 Raphael Dabbah, (C), Website
14266 Terry White, (C), Website
14267 Chris Jones, (C), Ron Horstman

14268 Dan Beard, (C), Judith Murphy
14269 Robert Calderman, (C), Mark Anderson
14270 Stephen Goldsmith, (D), Judith Murphy
14271 Michael Kapral Jr, (C), Jason Bradford
14272 James Plumlee, (C), Ron Horstman
14273 J.L. Laws, (D), Judith Murphy
14274 William G. Shupe, (C), Dennis Schafluetzel
14275 Bob Van Ryzin, (C), Judith Murphy
14276 Michael Sheils, (C), IBNS
14277 Guy Mort, (C), Jason Bradford
14278 Glenn Tagawa, (C), Website
14279 Robert Tharpe, (C), Jason Bradford
14280 John Baeza, (C), ANA
14281 Perry Goldberg, (C), Judith Murphy
14282 Scott McNatt, (C), Judith Murphy

NEW MEMBERS 08/05/2014 - 14283 - 14290

14283 Katherine Saxon, (C), Benny Bolin
14284 Robert Denaro, (C), Carl Bombara
14285 Michael Combs, (C), Website
14286 Keith Edwards, (C & D), Website
14287 Robert Sternberg, (C), Website
14288 George Nation, (C), Paper Money Journal
14289 Ronald Spieker, (C), Website
14290 Denny Mateu, (C), Website

REINSTATEMENTS

02759 Glen Jorde, (D), Robert Vandevender

LIFE MEMBERSHIPS

LM419 John DeRocker, (C & D), converted from 13267
LM420 Michael Hall, (C), Website

For Membership questions,
dues and contact information
go to our website

www.spmc.org



Editor Sez

By the time you are reading this, the dog days of summer are almost over and the kids are back in school and that means—schools zones are in effect, so watch your speed. I hope you had a great summer. It was a strange one for me. 2013-2014 was my first year as a school nurse (32 years in the hospital—now “*retired!*”) But, for the first time ever, I had more than two weeks off—June to mid-August—what a treat. That was way cool. During that time, I did have cataracts removed from both my eyes and the results are incredible. No more yellow everything—the colors are vibrant. A rainbow note really pops. Oh what I have missed!

I did not go to any of the shows this summer, but the SPMC had great representation by the Wilson's, Murphy's, Mr.'s Wolka and Anderson and others. However, I did have a great time with paper money. I work as a part-time cataloger for Heritage and we did the Long Beach catalog the last week of July. I had fun helping Wendell with some of his Ohio notes but the best part was cataloging the Smillie archives material. I love vignettes and engravings and have about 80 that are on South Carolina obsoletes. Seeing and holding all those finished vignettes, die proofs, progress proofs and other engravings was really breathtaking. I cataloged one of the scrapbooks and when I opened it up; I noticed the pages had ink burn outlines of different obsolete sheets which had been replaced with

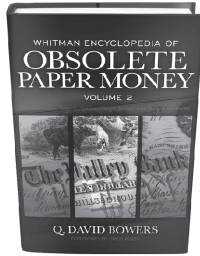
engravings. You could still discern what the sheet was and then I turned a page and the next 7-8 pages were proof sheets of obsoletes, some of which were not known! What a thrill.

This is my fourth issue of *Paper Money* since taking over for Fred Reed (no new information on him as yet). I think I am getting it all worked out, but I value your input and invite you to share your ideas and criticisms with me via email at smcbb@sbcglobal.net. Also, please remember that this is **YOUR** magazine and **YOUR** articles are what makes it great and are needed. I especially need short (2-3pgs) and medium (4-7pgs) articles. Write about what interests you, your favorite note(s), etc. If you think it is interesting, I can guarantee you many of our members will also. I will help you write it if you supply the facts and will help you get it all on paper if you need it. I will also be happy to discuss ideas; illustrations, etc. so just email me. It really does take a village to put out a quality publication so become a contributor!

This issue also has the dues envelopes in it. If your dues are up in any month from September to December, please send them to me in this envelope. You may also pay your dues on-line at the website www.spmc.org. I do ask that when you send your dues to me in the mail that you make sure your name and/or membership number is legible. In that same vein, if you pay with a company check, please make sure that your name is somewhere on the check and that it is legible. Otherwise, your dues may not be credited correctly.

Benny

Texting and Driving—It can wait!



Whitman Encyclopedia of Obsolete Paper Money

Volume 2 – New England, Part I: Connecticut, Maine and New Hampshire

By Q. David Bowers

Reviewed by Pierre Fricke

In the couple of months since the Memphis International Paper Money Show where the Whitman Encyclopedia of Obsolete Paper Money, Volumes 1 and 2 debuted, I've had the time to use Volume 2. I find it to be a great step forward in organization, ease of use, and appreciate the ability to find things quickly that many previous works on obsolete paper money lacked. Volume 2 is a spectacular book, coming in at 754 pages, full color, weighing in at lose to 7 pounds (!), and offered at the incredible price of US \$ 39.95!

Volume 2 begins with a "How to Use this Book" – a summary of the different kinds of obsolete notes, grading, value, features of the notes, and the Bowers Universal Rarity Scale (URS). This is documented more completely in Volume 1, but makes sense to include it in all the other books to make them standalone editions. This section is well written and concise, making it easy to find what you are looking for quickly. As stated in my earlier review of Volume 1, the grading represents a more liberal interpretation of grades such as Fine & Very Fine used by leading third party grading companies today. Prices seem to line up with this grading interpretation so all is well.

Dave leaps into the State of Connecticut quickly in chapter 1 only 17 pages into the book. We find a brief summary of the history of banking in the state going back to colonial times up through the 1863 National Banking Act which ended the obsolete paper money era by 1866. He follows with a numismatic assessment of Connecticut calling the state a "poster example" of bank note collecting opportunities and proceeds to describe these.

The state sections are organized by town in alphabetical order and then within that town by bank also in alphabetical order. A brief history of each town is given describing where the town is and why it came about. A brief history of each bank precedes the catalog listings of the notes of said bank. These histories discuss the founding of the bank, capitalization and the end of the bank if applicable. Dave presents numismatic commentary on the notes of each bank following the history. I like these introductions. As a collector, I can learn more about what I am collecting. As a dealer or cataloguer, I can make my price or auction listings more interesting productively.

The catalog listings follow an easy to use format. Each bank has sections within it organizing the notes into valid issues, chartered bank, non-valid issues where appropriate. Uncut sheets and special items such as "demand notes" are also featured. The notes are listed in denomination order and then in date order of issue. Each catalog listing sports a new Whitman number – W-state-bank number-denomination-specific issue number. The specific issue number is prefixed with G for good or valid note, C for counterfeit, R for raised, S for spurious, N for not-attributed, and A for altered. The format bears some resemblance to the Haxby format, but expands upon it. The numbers do not have any correspondence with each other across the systems – the Whitman system is completely new. A description of the note follows along with engraver information, commentary (including some references back to Haxby numbers where appropriate). The rarity is presented next using the URS scale previously discussed. Pricing wraps up the listing if examples are known and the grades presented range from Proof to EF to VG, VF and EF and other formats. Dave, John and the teams of collectors and researchers that helped fill in many, many illustrations of the notes, making this book a big step forward to ease of identification of obsolete notes.

The State of Maine follows Connecticut's 287 pages and is presented in the same format. New Hampshire follows on page 532, concluding on page 695. There are a lot of notes for these small states. However, these states (with Maine as part of Massachusetts pre-1820) have a long history in the United States and whose banks spanned the entire obsolete period. For people interesting in studying paper money and the vignettes on same that represent life in New England during America's formative years, no other numismatic arena offers such depth.

Dave wraps up the book with end notes for further research, a bibliography, and about the author (Q. David Bowers), the foreword author (Fred Reed), and state editor (C. John Ferreri). Finally, we find a super index making it easy to find notes by bank and Haxby to Whitman cross reference.

As I stated in my review of Volume 1, I am thrilled to see these books published and await further volumes with eagerness. This New England volume is a must for anyone collecting paper money of the northeast as it describes the details of the banks and notes of the region. It's a must for dealers and cataloguers and will replace previous attribution systems quickly in my estimation. (Quickly means over a few years in numismatics!). My first use of this New England volume over the past couple of months was a pleasant and educational experience and I look forward to going into this volume in more depth. Finally, the price of \$39.95 seems too good to be true for a full color book of this magnitude and depth – but there it is! Enjoy!

The Comprehensive Catalog of U.S. Federal Large-Size Notes, 1861 – 1929

By Carlson R. Chambliss and Gene Hessler

Reviewed by Gary J. Dobbins

When the research and writing efforts of Chambliss and Hessler are combined, great things are bound to happen. In Carlson R. Chambliss, readers benefit from this lifelong academician's instinctive ability to digest and organize a staggering amount of material into a logical chronological sequence. It is impressive to note that the majority of the direct scan illustrations in this book (a total exceeding well over 600 entries), were incorporated directly from Dr. Chambliss' collection. To add to this, we have Gene Hessler's authoritative abilities in the area of designs and engravers of U. S. paper money. There is little doubt that the organizational layout evolved collectively by way of Hessler's previous six editions of Comprehensive Catalogs (1974, 1977, 1980, 1983, 1992 and 1997 respectively). It is a pleasure to bring this current 2014 edition of **The Comprehensive Catalog of U.S. Federal Large-Size Notes, 1861 – 1929** to the attention of *Paper Money's* readership.

This 7th and latest edition of **The Comprehensive Catalog of U.S. Federal Large-Size Notes, 1861 – 1929** may be the most thorough and exhaustive reference of its type. In this tome, large size notes are arranged and numbered by denomination, but also listed logically by category. It is generally accepted that there are seven major Large Note types. There is a chapter devoted to each of these categories: United States Notes, 1862-1929; Silver Certificates, 1878-1929; Treasury Notes, 1890-1898; Gold Certificates, 1865-1929; National Bank Notes, 1863-1929; Federal Reserve Notes, 1914-1929; and Federal Reserve Bank Notes, 1915-1921. There is also a chapter devoted to Demand Notes and Interest Bearing Notes. Both of these notes can be traced back to 1861.

The introduction consists of a thorough, almost a chapter by chapter overview of the topic, U. S. Federal Large-Size notes which flourished from 1861 thru 1929. Various areas are previewed and include, though not limited to: the differences in the coloration of seals and of the entirety of the notes, the coloration variances noted in the serial numbers from type to type, and the fluctuations within each category. Also discussed is the paper used during this time frame. The Demand Notes, along with the Interest-Bearing Notes are previewed along with each of the seven major note categories previously mentioned. Production and circulation statistics are given for the various types of large-size notes, along with census information for all categories. This reference uses the Friedberg numbering system simultaneously with a newer system devised by Chambliss-Hessler.

Signatures and Seals are in a chronological listing of all Registers of the Treasury and Treasurers who were active from 1861 thru 1929. The combinations of their signatures on a given note and the impact on the value of the note are outlined.

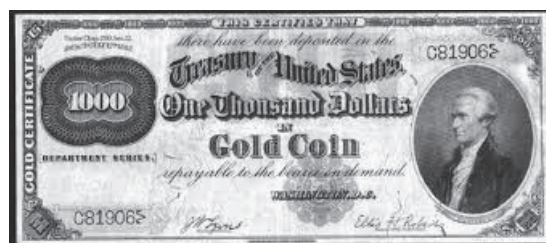
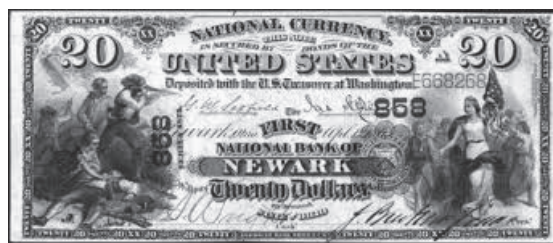
Grading and Valuations always have added challenges in using a similar grading scale for paper money as the one typically used for coins. Two areas of discussion involve the pricing of Large-Size Notes and the related challenge of grading National Bank Notes. Chapters 4-11 contain information about all the different types of large size notes. Information included with each type include, but are not limited to the authorization dates, acts, issue dates and number printed and these are supplemented with many pictures of the notes themselves. Standard information also includes both the Chambliss-Hessler and Friedberg identification catalog numbering systems along with information on signatures, dates, current census information and estimated values in very good, fine and very fine.

One chapter alone details National Bank Notes by States. To maintain an accurate census of a group of National Bank Notes (numbering about 374,000 large and small notes as of 2014), is a monumental undertaking. For this publication Chambliss and Hessler have relied primarily on Andrew Shiva's work, *The National Bank Note Census*. In a valiant effort to keep the readership fully informed with the most current data, there are a few instances where panels of paper have been neatly cut and taped into place. Though the likely reason for doing this is understandable as NBN census data can change on a daily basis, it does detract from an outstanding piece of research that is otherwise very professional in appearance.

Chapter 13 covers errors, fancies and sheets. The primary type of errors discussed in this chapter are: plate errors, inverted backs (considered the most important category of major errors), overprint errors, double denominations, and mismatched serial numbers. The inverted backs category has an exhaustive chart which reports, by type and denomination, which and how many notes possess this type of inverted back flaw (based on the 2010 research of Martin Gengerke and Frederick Bart). The fancies section deals with various types of serial numbers which may be considered unusual such as repetitions of the same number or extremely low numbers. For the best source for researching these Fancies, Chambliss and Hessler refer their readers to the current CD – rom version of *U. S. Paper Money Records* by Martin T. Gengerke or his more comprehensive *The Gengerke Census of U. S. Large-Size Currency*.

The last chapter discusses souvenir cards. Beginning in 1969 the BEP produced a wide variety of cards specific to numismatic related themes. The BEPs contribution, along with the cards created by the American Bank Note Company, constitutes the seeds for yet another interesting numismatic category.

This is a beautifully done, very comprehensive book. All explanations are covered in detail, and lavishly supported by lovely illustrations at every turn. The most up to date census data is given for all varieties. Current valuations are used and substantiated by the most recent auction quotes. All in all – Outstanding!! We are all students of Numismatics, a field made up of professionals, novices and representatives of many levels in between. When a piece of numismatic research is created that can be of service to and enjoyed by every single person in this field, then this should be considered a treasure. **The Comprehensive Catalog of U. S. Federal Large – Size Notes, 1861 – 1929** is just that, a treasure.

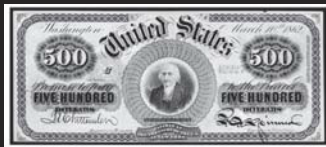


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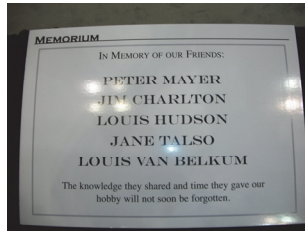
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SPMC Summer Pictures

The SPMC was out making the rounds this summer, not only at Memphis, but also at Summer FUN and ANA in Rosemont. (Thanks to John & Nancy Wilson for the pics).



Bowers, Tucker and friends showing the new Obsolete Book.



Honoring those we lost



The FCCB dinner meeting at the Old Spaghetti Warehouse



Mack Martin receiving his Best of Show Exhibit Award



Shameless example of the editor using his power to show his-self receiving the Nathan Gold Award.



President Fricke wondering where (the rest of) Wendell went!



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Authors can request a free one-time ad. Contact the Editor (A)

WANTED: Notes from the State Bank of Indiana, Bank of the State of Indiana, and related documents, reports, and other items. Write with description (include photocopy if possible) first. Wendell Wolka, PO Box 1211, Greenwood, IN 46142 (294)

Vermont National Bank Notes for sale. For list contact. granitecutter@bellsouth.net (294)

WANTED: Any type Nationals from Charter #10444 Forestville, NY. Contact with price. Leo Duliba, 469 Willard St., Jamestown, NY 14701-4129.t (295)

FREQUENT PAPER MONEY AUTHOR (Joaquin Gil del Real) Needs a copy of the Mar/Apr 1997 issue of the SPMC journal to complete his collection. You can contact the editor if you can assist in this matter. (A)

TRADE MY DUPLICATE, circulated FRN \$1 star notes for yours I need. Have many in the low printings. Free list. Ken Kooistra, PO Box 71, Perkiomenville, PA 18074. kmk050652@verizon.net (288)

BUYING ONLY \$1 HAWAII OVERPRINTS. White, no stains, ink, rust or rubber stamping, only EF or AU. Pay Ask. Craig Watanabe. 808-531-2702. Captaincookcoin@aol.com (291)

Civil War Stamp Envelopes, the Issuers & Their Times, 672pp, hardcover, \$89.95 postpaid. Mail checks to *Paper Money* editor-author Fred Reed.

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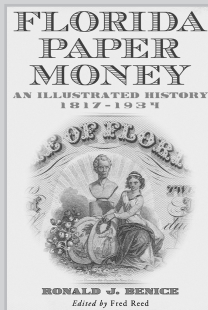
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BANK NOTE AND CHECK HOLDERS

SIZE	INCHES	50	100	500	1000
Fractional	4-3/4" x 2-1/4"	\$21.60	\$38.70	\$171.00	\$302.00
Colonial	5-1/2" x 3-1/16"	\$22.60	\$41.00	\$190.00	\$342.00
Small Currency	6-5/8" x 2-7/8"	\$22.75	\$42.50	\$190.00	\$360.00
Large Currency	7-7/8" x 3-1/2"	\$26.75	\$48.00	\$226.00	\$410.00
Auction	9 x 3-3/4"	\$26.75	\$48.00	\$226.00	\$410.00
Foreign Currency	8 x 5	\$32.00	\$58.00	\$265.00	\$465.00
Checks	9-5/8 x 4-1/4"	\$32.00	\$58.00	\$265.00	\$465.00

SHEET HOLDERS

SIZE	INCHES	10	50	100	250
Obsolete Sheet					
End Open	8-3/4" x 14-1/2"	\$20.00	\$88.00	\$154.00	\$358.00
National Sheet					
Side Open	8-1/2" x 17-1/2"	\$21.00	\$93.00	\$165.00	\$380.00
Stock Certificate					
End Open	9-1/2" x 12-1/2"	\$19.00	\$83.00	\$150.00	\$345.00
Map & Bond Size					
End Open	18" x 24"	\$82.00	\$365.00	\$665.00	\$1530.00

You may assort note holders for best price (min. 50 pcs. one size). You may assort sheet holders for best price (min. 10 pcs. one size).

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"Five Dollars" obsolete note vignette with Pocahontas at left and Captain John Smith at right with five \$1 Gold Pieces at center
From The James Smillie Family Archives



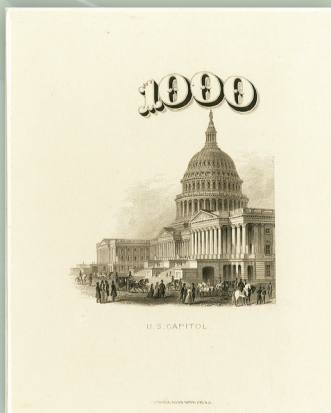
Serial Number 1 Tonopah, NV - \$10
1929 Ty. 1 Nevada FNB Ch. # 8530



T3 \$100 1861
PMG Very Fine 25



Santa Fe, NMT - \$10 1882 Brown Back
Fr. 484 The First NB Ch. # 1750
PCGS Apparent Very Fine 25
From The St. Cloud Collection



U.S. Capitol vignette for Original and
1875 Series \$1000 National Bank Notes
From The James Smillie Family Archives



Tonopah, NV - \$5 1902 Plain Back
Fr. 600 Nevada FNB Ch. # 8530



Gold Coin Back vignette for 1870-75
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